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ADVERTISING IN CANADA

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Advertising is a term with many meanings. It is commonly used as a collective noun to refer to all advertisements. In communication and cultural studies, it refers to a system of communication through which goods and services are brought to the attention of the general public.

Raymond Williams (1987) argues that advertising has two phases. First, the content of advertising has insinuated itself into every medium of communication. Advertisements may be understood as one-way, mediated communication intended for mass persuasion. They manipulate the shared words, images, and symbols of a society to create a favourable impression for a product, service, or cause. For this reason, advertising has been referred to rather poetically as "salesmanship in print." Nonetheless, the barriers to communication that separate advertiser and audience clearly distinguish it from the interpersonal communication that is necessary between sales clerk and customer.

Second, the business of advertising structures media operations in a capitalist economy. It is a common perception that the media serve the public by providing ready access to news and entertainment. In fact, the media serve advertisers first and the public second. Most media outlets face enormous production and distribution costs. The modest fees paid by the public do not cover these costs. Indeed, much radio, television, and internet content is available to the public free of charge. To finance their operations, then, media outlets depend on their ability to attract advertising revenue.

The public is still important to the revenue of media outlets. A media outlet will become financially self-sufficient or profitable only if it attracts an audience desired by advertisers (Smythe, 1981). When an advertiser selects a media outlet to carry its ads, the outlet's value is determined by the size and quality of its audience. "Quality" here is determined by demographic considerations that have an impact on purchasing decisions—things such as age, gender, ethnicity, occupation, and lifestyle choices. Ultimately, advertisers want to reach the highest number of potential consumers at the lowest possible cost.

Advertisers do not need the mass media. They can publicize themselves through event sponsorship, telemarketing, direct mail, flyers, catalogues, billboards, or their own websites. This puts pressure on the mass media to increase their value to

advertisers. Some media try to produce the largest audiences possible by appealing to all demographic categories. This is the mass market, and this is the strategy of mainstream outlets such as family newspapers and national television networks. By contrast, specialty media outlets try to produce closely defined audiences similar to the target markets of specific groups of advertisers. For example, *The Hockey News* appeals to hockey fans and attracts advertisements for sporting goods and memorabilia. Either way, whether they chase the mass market or specific target markets, every media outlet tries to produce an audience sought by advertisers. Again, this means that advertising structures media operations. The character and quality of media outlets and their content is driven by the kinds of audiences and advertisers they want to attract.

HISTORICAL BACKGROUND

No one person invented advertising. Unlike film, radio, or television, there is no one person or date to mark its origins. If one accepts that town criers and shop signs are forms of advertising, then advertising is as old as civilization. Modern advertising, however, is integrated with the mass media. Its functions and practices emerged piecemeal over the last 250 years in step with new media technologies.

The first newspaper published in Canada, the Halifax *Gazette* (founded 1752), contained ads for a grocer, a job printer, and a tutor. Over the next century, newspapers across British North America were filled with ads from similar merchants, craftsmen, and professionals who used local papers to reach local audiences. The text of these ads—known as copy—was drafted in a polite style common to business cards. The ads were often set in the paper's own typeface and within traditional column widths. As a result, they could be indistinguishable from news stories. These ads were also indistinguishable from each other.

A second style appeared in the early 1800s. Some companies wanted their ads to stand out from those of their rivals, and to trumpet their goods and services from the printed page. To accomplish this, the polite invitation issued by earlier ads was replaced by the persuasive techniques of salesmanship. Copy was now infused with lavish claims, and boasts on behalf of a company's goods or services. These ads also looked different. They arrested attention with a single, unique font or a jarring variety of fonts. The copy might be enclosed in borders or accompanied by simple iconographic images (for example, the silhouette of a locomotive might illustrate a train schedule.) This style of advertisement grew in popularity as local economies grew and business rivalries intensified through the middle of the century.

1880–1920

Advertising underwent significant changes during the Industrial Revolution. In Canada, these developments led to the organization of advertising as a system of communication. The process took decades to unfold, but by 1920 there was a common set of practices and institutions in place that continue to shape the industry today.

New manufacturing technologies introduced through the 1800s increased the productivity of Canadian industry. With increased productivity, companies expanded their sales territories beyond their local markets into distant regions. Many achieved national distribution by the 1890s. Production and distribution, however, were quite different from selling. Advertising bridged the gap between manufacturers and the public by opening a channel of communication between them. It helped that the printing trades also industrialized during this same period. New cylinder presses and improved imaging techniques allowed newspapers to produce thousands of pages of text per hour with detailed illustrations. Advertisers took advantage of both developments to promote their products (Leiss et al., 2005, 98–101).

A new kind of business emerged to connect advertisers with newspapers: the advertising agency. National advertising campaigns are challenging work. Wherever a company does business, it must identify local media outlets, assess their utility as advertising vehicles, and negotiate their rates. This is called "media buying." When agencies first appeared, it was their only function. They completed these tasks on the advertiser's behalf. In essence, they were and remain consultants with expertise in media, and broker deals between advertisers and media outlets to place ads before the greatest number of potential consumers at the lowest possible cost. Newspapers were the most important advertising medium in Canada until the 1950s, but magazines, catalogues, flyers, posters, transit cards, and billboards were all used as early as the 1860s.

Agencies did not flourish in Canada until the national economy expanded dramatically after 1890. The first known agency, the British American Advertising Agency of Montreal, opened in 1860 and closed soon after. More successful was the Mail Advertising Agency of Montreal, founded in 1878. Anson McKim, its manager, provided astute counsel to the clients of the Toronto *Mail* newspaper, and through his personal efforts he gradually developed confidence in the entire agency business. McKim capitalized on his reputation by opening his own agency in 1889 (Johnston, 2001).

Agencies added a second function in 1900: creative service. By that time, ads already cluttered the visual landscape of cities, and modest ads were not always noticeable. The most effective ads featured both memorable copy and imagery. Agencies supplied these flourishes to their clients' ads by hiring professional copywriters and artists. J. J. Gibbons Ltd. (founded 1900, Toronto) was the first agency in Canada to offer both media buying and creative work. Its innovative approach prompted rival agencies to follow suit by establishing their own creative departments (Johnston, 2001).

Agencies added a third function after 1910: market research. As manufacturers expanded into new markets, their customers grew more remote. Consumer demand in a national market could be more difficult to interpret than in a local market. Manufacturers understandably became anxious, since their business decisions relied

on timely, accurate information. Market research addresses these concerns by investigating consumer behaviour. Such information provides reassurance to advertisers; the plans for new products, services, or sales territories can be informed by hard data rather than hunches. Agencies also use this information to inform their media buying and creative services (Leiss et al., 2005).

There are two strands to market research. First, demographic analysis offers an empirical, quantitative picture of consumers. Every media outlet knows the size of its audience, at least roughly. Media buyers, however, want to know how that audience is composed. Are they male or female, young or old? Where do they live? What is their disposable income? To answer such questions, periodical publishers and agencies of the 1910s adapted research techniques from the social sciences to refine the process of media buying. Second, psychological research offers a theoretical, qualitative picture of consumers. American psychologists such as W. D. Scott sought to create more potent ads by investigating the links between advertising and human cognition. In 1910, some believed that effective ads should alter the public's purchasing habits without their knowledge, as if under hypnosis. Today, psychological research makes less sinister claims, but the intent remains the same: to tailor copy and art to the cognitive patterns of consumers. The trade magazine *Marketing* (founded 1908, Toronto) was an early champion of these new techniques. By 1920, all the leading agencies in Canada relied on market research to shape their clients' campaigns (Johnston, 2007).

Taken together, media buying, creative services, and market research provided agencies with a unique set of skills. They also provided agencies with two significant legacies. First, the research methods adapted from the social sciences appeared to have mathematical precision, which bolstered the agents' professional credibility. This credibility, however, was not entirely secure until George Gallup developed reliable public opinion polls in the 1930s (Robinson, 2000). Second, these skills gave shape to agency structures. Major agencies organized their operations by function and divided their core staff into four departments: account management, media research and buying, creative work, and market research. This formal structure has eroded in recent years as agencies move to client-specific teams and flexible workspaces. Nonetheless, such teams retain some element of each function.

1920–1960

After 1920, the advertising industry adapted to broadcasting. Radio became popular after 1922, and Canadian television began in 1952. Both were quickly integrated into the existing structures of advertising.

Nikola Tesla and Guglielmo Marconi did not develop radio for advertising. They wanted to compete with telegraph companies and improve the safety of ships at sea. Talented amateurs, however, became fascinated with the technology and began building sets for their own amusement. In 1919, electronics companies in Canada and the United States realized these amateurs had become a market unto themselves. By airing free programs, electronics companies drew amateurs to their stations, publicized their products, and inadvertently began commercial broadcasting. The federal government wanted to outlaw broadcast advertising, at least initially. Events in the United States changed its mind. There, two major radio networks began soliciting ad contracts in 1926 to finance their programming. Some Americans complained, but most did not. Many listeners felt that an hour of entertainment was worth a few minutes of sales talk. Many Canadian listeners could receive American signals and they grudgingly agreed. Subsequently, Canadian broadcasters demanded similar access to advertising dollars in order to finance their own operations. The federal government acquiesced, and advertising has remained a component of broadcast financing ever since (Johnston, 1997).

Advertising agencies adapted their media buying and creative services to radio. In the periodical press, media buyers pay for space; in broadcasting, they pay for time. There are two ways to handle time. First, "sponsorship" associates an advertiser's name with an entire program. Sponsored programs generally reflect the character and status that the sponsor wants to cultivate in the public mind. For example, MacLaren Advertising (founded 1935, Toronto) developed *Hockey Night in Canada* as an advertising vehicle for Imperial Oil in the 1930s. Announcer Foster Hewitt created a family-friendly atmosphere for fans of the Maple Leafs, while the sponsor's messages portrayed Imperial as a neighbourhood retailer that families trusted with their home heating. Second, "spots" or "commercials" use a brief segment of on-air time for sales talks (usually 15 seconds to 2 minutes long). Although sponsorship was common until the 1960s, spots are now the predominant form of radio advertising.

Television continued these practices. Many radio programs and their sponsors shifted easily to television, including Imperial Oil's *Hockey Night in Canada*. The only major adaptation was the development of stage and film techniques to produce effective visuals in televised ads. Otherwise, media buyers continued to buy time as they had in radio, creative staff continued to write persuasive appeals, and market researchers continued to investigate consumer habits.

1960–2000

The functions of the industry have not changed significantly since 1960. That said, Canadians' gradual acceptance of the country's multicultural heritage altered both media buying and creative services. The change started in Quebec.

Montreal was the country's commercial centre through much of the 20th century. During that time francophones composed roughly 20 to 30 percent of the Canadian market and 80 percent of the Quebec market. Surprisingly, francophones owned and operated few agencies and had little influence within anglophone agencies. This neglect of a massive segment of Canadian society reflected poorly on the entire industry. The situation changed abruptly after 1960 when Quebec francophones demanded greater authority in all aspects of public life. Advertisers responded

with French-language campaigns distinct from their English-language campaigns, thereby creating opportunities for francophone agencies. Jacques Bouchard and his agency BCP (founded 1963, Montreal) led the way with a groundbreaking campaign for Labatt's (Elkin, 1973; Côté and Daigle, 1999). Today, agencies embrace multiculturalism and tailor ads to any demographic segment that forms a substantial market.

These changes led to an ironic twist of historical fate. Cossette Communication-Marketing (now Cossette Communication Group) was a graphic design studio founded in 1962 to serve Quebec-based clients. Ten years later, Claude Lessard transformed the studio into an agency. It found early success doing French-language creative work for anglophone agencies and Automobiles Renault. It also caught the attention of McDonald's Restaurants, which contracted the agency for one francophone region of Quebec in 1977. Cossette produced several effective campaigns for the chain and subsequently won the entire national account, in English and French, in 1991. The same strategy won several other blue-chip clients. By 2000 it was the largest agency in Canada and among the top 30 in the world (The rankings, 2006; 64th annual, 2008).

While Quebec nationalists focused on advertising content, English Canadian nationalists were concerned with media buying. As previously noted, advertisers seek to reach the greatest number of potential consumers at the lowest possible cost. Certain American media outlets are attractive because they reach more Canadians than their Canadian rivals. For example, a Detroit radio station may draw more Canadian listeners than similar stations in Windsor. If Canadian advertisers follow listeners to that station, its Canadian rivals would lose revenue and possibly close. Nationalists argue that this tendency necessarily undermines Canadian culture. The federal government agrees and regulates media buying through the *Income Tax Act* and the *Foreign Publishers Advertising Services Act*. Canadian companies may claim the full cost of advertising in Canadian media outlets as a legitimate business expense against income. By contrast, Canadian companies may claim only 50 percent of the cost of advertising placed in foreign outlets (Armstrong, 2000).

2000–present

The most significant change in advertising since 2000 is undoubtedly the explosive growth of digital marketing. In the 1990s, advertisers experimented with the internet to gauge its influence and achieved mixed results. Many companies established websites to accompany their traditional advertising. These websites often replicated the display advertising one might find in a magazine, or the functions of a mail-order catalogue. One innovation, however, was "viral marketing," which relies on peer networks to promote a product, service or website in ways that mimic word-of-mouth recommendations among family and friends. Because digital content is easily copied and shared, it can spread across the country or around the world in a matter of days. Knowing this, companies began to post entertaining content on their websites to attract surfers, and to embed clickable links to facilitate sharing. Caution, however,

TABLE 8.1 Advertising Volume in Canada by Medium (in Millions of Dollars), 1998–2010

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Television	2,330	2,370	2,450	2,553	2,593	2,826	2,963	3,013	3,240	3,299	3,393	3,108	3,390
—national & network	1,648	1,528	1,625	1,678	1,681	1,815	1,856	1,841	1,943	1,919	1,944	1,728	1,889
—local & infomerical	442	449	445	438	404	406	402	404	416	431	422	375	389
—specialty	241	304	381	438	509	607	708	768	882	948	1,026	1,001	1,112
Newspapers*	1,596	1,629	1,731	1,678	1,684	1,697	1,752	1,784	1,768	1,725	1,670	1,380	1,640
—national	—	—	—	574	576	580	599	610	605	590	571	406	736
—local	—	—	—	1,104	1,108	1,116	1,152	1,174	1,163	1,135	1,099	974	631
—inserts	—	—	—	—	—	—	—	—	—	—	—	—	273
Radio	920	953	1,001	1,048	1,080	1,171	1,209	1,313	1,388	1,468	1,558	1,469	1,517
Consumer Magazines	451	460	514	541	558	610	647	665	682	718	692	590	606
Out-of-Home	219	243	263	281	273	284	303	344	370	422	463	416	482
Internet	25	56	110	97	176	237	364	562	1,010	1,241	1,602	1,822	2,232
Other media**	3,276	3,284	3,450	2,659	2,696	2,839	3,006	3,080	3,159	3,146	3,041	2,512	2,595
Other advertising	—	—	—	1,645	1,680	1,743	1,820	1,895	1,855	2,000	2,029	1,805	1,589
Total	8,817	8,995	9,519	10,502	10,740	11,407	12,064	12,656	13,472	14,019	14,448	13,102	14,051

* Newspaper figures do not include revenue for classified advertising.
** "Other media" include direct mail, catalogues, telephone directories, and specialty magazines.
Source: Canadian Media Directors' Council. (2008, 2011). Net Advertising Volume, p. 14 in *Media Digest 2008/09, 2011/12*. Toronto: Marketing Magazine.

was still the strongest driver of internet marketing during this time. In 1999, expenditure on internet marketing in Canada was $56 million, barely 1 percent of total advertising expenditures (Canadian Media Directors' Council, 2008, 14).

Over the next decade, advertisers threw caution to the wind. As more Canadians connected to the internet at home, at work, and through mobile devices, advertisers followed wherever they thought they could find potential customers. By 2010, expenditure on internet advertising had grown to $2.2 billion, or an increase of roughly 3,886 percent. It then represented 19 percent of total advertising expenditures among all mass media in Canada, a share second only to television (Canadian Media Directors' Council, 2011, 14). Table 8.1 provides a graphic illustration of the growth of digital advertising in relation to all other media. Part of this growth reflects the increasing number of companies in Canada with a Web presence, but it is also evident that companies have accepted digital marketing as a necessary component of their marketing strategies.

Internet marketing was enhanced by the development of social networking sites such as Blogger, Facebook, Twitter, and YouTube. Social networking sites provide stable, easily navigated frameworks for internet users to post their own content and invite contributions from others. The ready availability of digital recording technology, especially cameras and mobile phones, meant that individuals could readily include sound, images, and video in their contributions. These sites epitomize Tim O'Reilly's concept of "Web 2.0," a media environment where the barrier between senders and receivers is shattered. This environment is not characterized by publishing but participation, because within it users add value to whatever content is available (O'Reilly, 2005). Any messages "published" by ad agencies and PR firms in traditional marketing campaigns always carry the stigma of self-interest; their work is designed to sell goods. By contrast, conversations among consumers appear to be trustworthy because the participants usually gain no reward. These exchanges are intended to share information although, occasionally, they can reveal some measure of personal investment in a brand that moves beyond mere purchase and consumption.

Many companies have tried to make use of these exchanges on their own websites. One Canadian company that has done so is Canadian Tire. When the retailer posts information about a product on its site, it invites customers to add their own comments about the product, and these comments remain visible for all to read. This practice can result in some surprisingly frank but helpful discussions. In a more aggressive fashion, Facebook has capitalized upon its members' activities through use of the "Like" function that allows individuals to show their appreciation for specific products, services, or companies. Facebook encourages advertisers to make use of this function in order to market themselves through its pages rather than through traditional advertising. As Facebook notes, "People treat Facebook as an authentic part of their lives, so you can be sure you are connecting with real people with real interest in your products" (Facebook, 2012). Notably, it does not have a "Dislike" function (though one was created as a Firefox add-on by developer Thomas Moquet).

INSTITUTIONS

The advertising industry is complex. There are many players, they are highly competitive, and they operate across all media. Institutional structures bring order to this complexity. They were developed as people responded to pressures both inside and outside the industry. That these institutions are necessary and permanent suggests an important point: the issues they address are crucial to the stability of the industry's day-to-day operations (see Table 8.2).

Every sector of the industry has its own association. In each case, rival companies cooperate to promote their common interests. The Canadian Newspaper Association (CNA) is an apt example.[1] It formed in 1858 when several Ontario newspapers lobbied the federal government for lower postal rates. Over time, other issues were raised and resolved cooperatively. The appearance of agencies after 1880, for example, posed several problems for newspapers. The association's handling of these issues attracted new members, and by 1920 it represented daily newspapers across Canada. Today, its mandate is to "to speak with a unified voice when promoting newspaper interests to governments, regulators and the general public" and contribute "to the ongoing evolution of the newspaper industry by raising awareness and promoting the benefits of daily and community newspapers to advertisers, media planners, creative agencies and newspapers" (Newspapers Canada, 2012). In other words, it lobbies the government for policies favourable to newspapers and promotes newspapers as an advertising medium.

The Canadian Community Newspapers Association (CCNA) and Magazines Canada have similar mandates. Both had their origins in the CNA but broke away in 1919 over their competition for advertising dollars. Dailies and magazines competed for the same national advertising contracts; dailies and community papers competed for retail advertising. Eighty years later, however, all three types of publications once again face a common problem with the development of digital news delivery and the growth of internet advertising. Hence, there was a new impetus for publishers to cooperate. In January 2011, the CNA and CCNA agreed to share resources through a new umbrella organization called Newspapers Canada. Although both associations are still governed by their own boards, they share a single chief executive officer who is also the manager of Newspapers Canada. More importantly, the two associations now share research, marketing, and lobbying services to promote all newspapers with a single voice (Newspapers Canada, 2012). Magazines Canada continues to provide its own parallel services to the Canadian magazine industry.

After commercial broadcasting took root in Canada, the Canadian Association of Broadcasters (CAB) formed to establish labour and copyright standards for broadcasting. However, it too was concerned with advertising, and it became an advocate for private-sector commercial broadcasting. By 2010, its membership embraced terrestrial radio and television stations, and cable, satellite, digital, and pay-per view channels in the private sector. That year, however, the association fractured when a dispute arose between terrestrial broadcasters and the cable and satellite companies

over a proposed CRTC regulation. The CAB has subsequently reorganized itself as an umbrella organization that maintains research and marketing services for its members, but it no longer serves as an industry lobbyist on regulatory affairs.

The internet Advertising Bureau (IAB) and Out-of-Home Marketing Association of Canada (OMAC) formed to represent the collective interests of Canadian digital media and out-of-home marketing companies, respectively. "Out-of-home marketing" refers to any public media form such as billboards, posters, transit ads, or point-of-sale devices in retail locations. Like the other associations, the IAB and OMAC perform research on the effectiveness of their members' advertising reach, support their members' efforts to attract new business, and lobby all levels of government to produce regulation amenable to their interests.

The Institute of Communication Agencies (ICA) was founded by Anson McKim and J. J. Gibbons, among others, in 1905. Newspapers and advertisers both questioned the value of agencies until 1907, when an agreement between the CNA and ICA formally recognized the value of agents as media buyers. Thereafter, newspapers agreed to accept media buying contracts from the agencies, but in exchange the agencies had to undergo credit checks to demonstrate their fiscal responsibility (Johnston, 2001). Agency accreditation remains a service of Newspapers Canada.

TABLE 8.2 Major Trade Associations Related to Advertising in Canada

Canadian Newspaper Association (CNA): founded 1858; reorganized 1919; reorganized 1996
- represents daily newspapers

Canadian Community Newspapers Association (CCNA): founded 1919
- represents weekly newspapers

Newspapers Canada: founded 2011
- provides research, marketing, and lobbying services to members of CNA and CCNA

Magazines Canada: founded 1919
- represents consumer, business, and cultural magazines

Canadian Association of Broadcasters (CAB): founded 1926; reorganized 2010–2011
- represents radio, television, cable, and satellite channels

Interactive Advertising Bureau of Canada (IAB): founded 1997
- represents internet publishers, advertisers, and service providers

Out-of-Home Marketing Association of Canada (OMAC): founded 2005
- represents billboard, poster, and transit placement agencies

Institute of Communication Agencies (ICA): founded 1905; reorganized 1925
- represents advertising agencies

Canadian Public Relations Society (CPRS): founded 1948
- represents PR firms

Association of Canadian Advertisers (ACA): founded 1916
- represents companies with nationally advertised goods and services

Canadian Marketing Association (CMA): founded 1967
- represents all sectors of the industry

This means all agencies that handle newspaper advertising in Canada must be recognized by this media association.

Advertisers formed the Association of Canadian Advertisers (ACA) in 1916. They wanted proof that advertising actually generated sales. This demand put pressure on media outlets and agencies to produce demonstrable results from their campaigns. This remains the mandate of the association today, to help its members "in maximizing the value of their investments in all forms of marketing communications" (Association of Canadian Advertisers, 2012). The association also lobbies the government on advertising-related issues, particularly to safeguard "commercial free speech."

The members of these sector-specific associations also belong to the broad-based Canadian Marketing Association (CMA). It is the largest association linked to advertising in Canada and provides a forum for all sectors to advance their common interests. It promotes effective marketing practices and represents the industry before government and government agencies such as the CRTC and Industry Canada.

Over the last century, these associations have met with each other to establish common standards for the industry. Their negotiations have usually focused on one of two areas: media buying or creative services. The 1907 agreement between the CNA and ICA was the first of many to regulate media buying; credit checks were designed to ensure the reliability of agencies as buyers. The development of audience measurement ensured the reliability of media outlets as sellers (see Table 8.3). Agencies and advertisers are reluctant to take media outlets at their word; they expect audience research to be verified by an independent auditor. The first such organization, the Audit Bureau of Circulations (ABC), was founded in the United States in 1914 through the cooperation of the press, advertisers, and agencies. Canadian companies participated in its establishment, including the *Toronto Star*, Canadian Pacific Railway, and J. J. Gibbons Advertising. The bureau's audit procedures were designed by representatives from all three sectors to ensure their acceptability. A similar mechanism to measure audience size was developed for each new medium. Some, like the ABC, were created through industry cooperation; examples include the Print Measurement Bureau, the Canadian Out-of-Home Measurement Bureau, and the Bureau of Broadcast Measurement. Others were created by independent entrepreneurs; these include Canadian Facts, which developed the first radio ratings in Canada during the 1930s, and ACNielsen Inc., which developed television ratings in the 1940s and internet ratings in the 1990s (Eaman, 1994).

On the creative side is **Advertising Standards Canada (ASC)**. This nonprofit organization functions as a watchdog, monitoring the content of advertisements. Over the last 40 years, several codes have been developed to govern what advertisers may claim or depict in their ads. In each case, the code was developed voluntarily by the industry in response to public complaints or government pressure (see Table 8.4).

Voluntary participation is key. The Canadian constitution protects freedom of speech. The government and courts, however, insist that protected freedoms not

TABLE 8.3 Audience Research Agencies Operating in Canada

Audit Bureau of Circulations, founded 1914
- audits the circulation of newspapers and magazines

Canadian Circulations Audit Board (a division of BPA Worldwide), founded 1936
- audits the circulation of newspapers and magazines

NADbank, founded 1984
- audits the circulation of daily newspapers

Print Measurement Bureau, founded 1971
- audits the circulation of magazines

Canadian Out-of-Home Measurement Bureau, founded 1965
- audits the visibility of billboards, posters, and transit placements

Bureau of Broadcast Measurement, founded 1942
- audits the audience size of radio and television outlets

AC Nielsen Canada, founded 1944
- audits the audience size of television outlets and the use of internet sites

be abused. For example, federal hate crime legislation places restrictions on speech. Similarly, the government has placed restrictions on commercial speech with regulations governing false advertising and standards of decency. For example, until the 1940s it was illegal to discuss birth control in public; therefore, condom manufacturers could not advertise. Today, alcohol ads may not portray people drinking alcohol. Watch closely—actors may hold open bottles, raise toasts, and clink glasses, but they will never actually drink. The government argues that such regulations protect community standards, but they are driven as much by profits as morals. Individual ads making false claims or promoting controversial behaviours can affect the public's confidence in all advertising. The government tries to protect consumer confidence by discouraging those who abuse the system.

The federal government has enacted several laws regulating the content of ads. Some, such as the *Food and Drugs Act* and the *Consumer Packaging and Labelling Act*, hold companies liable for misleading claims made about their products. Others, such as the *Trade-marks Act* and the *Copyright Act*, protect companies from rivals with unfair marketing practices. Two important laws are designed to uphold community standards. The ***Broadcasting Act*** empowers the CRTC to regulate the character and quantity of all advertising aired by radio, television, cable, and satellite, while the *Canada Elections Act* monitors political advertising by all groups during federal election campaigns.

Under Canada's constitution, the provinces have jurisdiction over trade and commerce. This has created 10 separate legal frameworks that affect advertising. Apart from laws governing general trade practices, there are specific laws that regulate the advertising of pharmaceuticals, alcohol, tobacco, firearms, lotteries, and consumer credit. Several provinces have regulations to prevent billboards from appearing next to major highways. Quebec also has two unique pieces of

TABLE 8.4 Selected Laws, Regulations, and Codes for Advertising in Canada

Government of Canada
- *Broadcasting Act*, 1992, c. 11
- *Canada Corporations Act*, R.S. 1970, c. C–32
- *Canada Elections Act*, 2000, c. 9
- *Consumer Packaging & Labelling Act*, R.S. 1985, c. C–38
- *Copyright Act*, R.S. 1985, c. C–42
- *Food & Drugs Act*, R.S. 1985, c. F–27
- *Foreign Publishers Advertising Services Act*, 1999, c. 23
- *Income Tax Act*, R.S. 1985, c. 1, Suppl. 5
- *Personal Information Protection and Electronic Documents Act*, 2000, c. 5
- *Telecommunications Act* (amendment), s. 41, 2004–05, C–37
- *Trade-marks Act*, R.S. 1985, c. T–13
- Guidelines: Privacy and Online Behavioural Advertising (2011)

Government of Quebec
- *Charter of the French Language*, 1977, c. 5
- Children's advertising provisions, s. 248–249 of the *Consumer Protection Act*, 1978, c. 9

Advertising Standards Canada
- *Canadian Code of Advertising Standards* (2012)

Advertising Standards Canada and Concerned Children's Advertisers
- *Broadcast Code for Advertising to Children* (2010)

Canadian Marketing Association
- *Code of Ethics and Standards of Practice* (2002)

regulation: guidelines governing advertising to children and the *Charter of the French Language*. The provincial government created the charter to protect and promote the French language in Quebec. Its original provisions banned the use of any language other than French on signs posted in public space, thereby affecting the content of billboards, posters, shop signs, and window displays. This provision was struck down by the Supreme Court of Canada in 1988, which held that it violated the Canadian *Charter of Rights and Freedoms*, but the Quebec government invoked section 33 of the *Charter*, the "notwithstanding" clause, to override this decision and maintain the intent of the provision. Now, a second language is permitted on signs only if French appears more prominently.

Advertisers and agents resent state intervention. ASC provides a mechanism for the industry to regulate itself. Its key function is to maintain and administer the ***Canadian Code of Advertising Standards***. This document, first drafted in 1963, is reviewed annually and revised as necessary. It articulates 14 principles that all advertisers should respect. Its chief concerns are the accuracy and clarity of ad copy; the handling of prices, guarantees, and testimonials; the portrayal of women and visible minorities; and the character of advertising to children. Anyone who objects to an

ad in a Canadian media outlet may lodge a complaint with ASC. In 2011, 1809 complaints were received regarding 1153 ads, the majority of which appeared on television (38 percent). ASC reviewed 109 of these ads and found that 83 ads (7 percent) violated the code (Advertising Standards Canada, 2012, 2–4). When this happens, the advertiser is asked to alter the ad or stop it. However, ASC has no recourse to the justice system because it is a private-sector organization. Its sanctions depend on the voluntary cooperation of advertisers, agencies, and media outlets.

The most sensitive reviews concern depiction of sexuality within the bounds of community standards. Two examples may serve as illustrations. In 2010, American Apparel hired adult film performer Faye Valentine to model a unitard. When the images were posted on the retailer's website, they quickly drew a complaint. ASC reviewed the case and noted that "when advertising undergarments, models are often featured in suggestive poses" and "that the majority of the images displayed on the advertiser's webpage did not raise an issue." The images that drew the complaint, however, "appeared to be posed in the advertisement less to demonstrate the unitard's selling features than for the stimulation and gratification of the viewer." As a result, the council ruled that the images contravened public standards (Advertising Standards Canada, 2010). The following year, Virgin Radio had a billboard featuring Usher and the tagline "Shirt On: OMG. Shirt Off: OMFG." Anyone familiar with the vernacular of text-messaging understood that the ad included an implicit profanity. Because the billboard appeared in public spaces and was potentially insensitive to religious beliefs, ASC ruled that this ad also offended public standards (Advertising Standards Canada, 2011). Both examples suggest that aspects of digital culture which are acceptable among private citizens will face scrutiny when adapted for public use by marketers. ASC hopes that its procedures continue to demonstrate the industry's willingness to monitor its own practices both in traditional and digital media.

CURRENT ISSUES

Globalization

Advertising has long been an international industry. Consumer goods manufacturers such as Unilever and Lipton sold their wares throughout the British Empire in the 1800s and advertised accordingly. J. Walter Thompson Advertising, one of the largest American agencies throughout the 20th century, established branch offices wherever its clients sold their goods. By 1930 it was on three continents, including offices in Montreal (established 1929) and Toronto (1930). Clients appreciated that a single agency handled their campaigns worldwide. Other agencies emulated Thompson's model.

In the 1970s, the pace of international expansion intensified when a major American agency, McCann-Erickson, united with a major English agency, Lintas (Mattelart, 1991). Together they formed the Interpublic Group of Companies. The "agency group" model is significantly different from the "international agency" model. Groups recognize that every country has its own marketing challenges created by differences in language, customs, laws, and media use. When agencies from different countries form a group, they offer both convenience and cultural credibility. Through a single company they offer international marketing support that can be implemented anywhere by a local office. In 2007, the four dominant groups were Omnicom Group and Interpublic Group of Companies, both of New York; WPP of Dublin; and Publicis Groupe SA of Paris (Johnson, 2011).

As agency groups extend their reach, they affect smaller, regional agencies. This is particularly true in Canada. The country composes only one small region in the global marketplace, and its manufacturing sector is dominated by foreign-owned companies that produce processed foods, consumer durables, and automobiles—all high-volume advertisers. When the parent companies of Canadian branch plants integrate their Canadian campaigns with their global marketing plans, accounts shift from Canadian agencies to agency groups. For example, McDonald's transferred its media-buying account from independent Cossette to OMD Canada, a division of Omnicom, in 2004.

Few Canadian agencies compete directly with agency groups. Most either join a group or find a niche for themselves within Canada. Some of Canada's oldest agencies took the first path. McKim joined Omnicom, MacLaren joined Interpublic, and BCP sold part of its business to Publicis. Agencies that take the second path generally provide high-quality creative services geared to Canadian audiences—something they claim that groups cannot provide. Rethink Communications (founded 1999, Vancouver) and John St (founded 2001, Toronto) have gone this route. Two notable exceptions follow a third path. Cossette has sought to expand on its own terms. In 2010 it established a new division for its business outside Canada (under the name EDC Communications). By contrast, MDC Partners (founded 1980, Toronto) is a Canadian-owned holding company that has expanded internationally by purchasing relatively small but successful agencies in foreign markets. In 2010, MDC was the tenth largest agency group in the world with more business in the United States than in Canada (Johnson, 2011).

The Death of Advertising?

Industry observers such as Sergio Zyman (2003) suggest big-budget ad campaigns are a casualty of the media-saturated 21st century. Two lines of thought inform this idea. First, the proliferation of new media outlets and audience fragmentation has advantages and disadvantages for advertisers. To remain competitive, media outlets dependent on ad revenue must increase their audience share or reduce their ad rates. This is good for advertisers. However, new media outlets typically focus on narrow target markets that may be unresponsive to traditional mass market campaigns. Advertisers and their agencies are then pressured to create unique ads for each outlet. At the same time, new marketing strategies have allowed advertisers

to abandon the traditional mass media altogether by creating their own magazines, digital content, or events. For example, Shoppers Drug Mart produces the magazine *Glow* while CIBC has linked its name to the annual Run for the Cure, a fundraiser for breast cancer research.

Second, the general public has long been cynical of advertising messages. In the past, it was possible to tune out these messages. Radio listeners changed stations, television viewers left the room, and Web surfers ignored banner advertising. Today, digital devices have provided the technology to access media content without advertising, or to eliminate advertising from the content (as with personal video recorders). Advertisers and agencies have responded by making ads more entertaining, controversial, or intrusive in order to capture our attention. Beer ads crafted for the Stanley Cup playoffs and Super Bowl illustrate this trend. Another response is to use technical innovations such as pop-up windows on the internet.

What is the alternative to traditional advertising? Some companies look to public relations and guerrilla marketing. Public relations as an industry has existed since the 1920s and has its own practitioners and institutions. The Canadian Public Relations Society, founded in 1948, serves PR firms just as the ICA serves advertising agencies. Despite their professional separation, however, the function of public relations is the same as that of advertising: to enhance the public's appreciation for companies, their brands, and their products and services. It does this by delivering messages through channels the public generally trusts (Johansen, 2001). One such channel is news organizations. Many people may question a company's advertising but may accept news stories covering that company's affairs. PR firms can generate positive coverage by staging press conferences and spectacles in conjunction with corporate events. PR firms can also boost their clients by sponsoring charitable, cultural, and sports organizations. In times of crisis, it is also the PR firm's responsibility to safeguard a client's reputation (Ries and Ries, 2002).

Guerrilla marketing was a term conceived in the 1980s to describe street-level alternatives to traditional advertising campaigns. While traditional campaigns featured formal, planned strategies and national media exposure, guerrilla marketing tends to use unconventional channels of communication to reach local audiences (Levinson, 1985). This includes packages of coupons delivered door-to-door, "personal" telephone calls known as telemarketing, and contests. Newspapers now use telemarketing and display booths at local festivals and fairs to reach new, local subscribers. Other guerrilla tactics include events and stunts in public places. In June 2002, Nike opened a nightclub in Toronto's Kensington Market district. This neighbourhood, a magnet for artists and students, has street credibility among those who appreciate alternative lifestyles and cultural events. The club's exterior was not branded, but the interior design and employee uniforms were. It was hoped that unsuspecting hipsters would learn to love Nike apparel (Rumack, 2002). During the summer in 2010, McDonald's created beach umbrellas that looked like enormous lids and straws from milk shake cups and then installed them for public use on Toronto beaches. In each of these cases, a company sought to reach its intended market by linking the setting and the medium with the brand in a memorable way.

One other alternative has emerged to challenge traditional marketing, and that is social media. As noted earlier in this chapter, the pervasive influence of social networking sites has provided companies with a structure in which consumers promote the goods and services they like best. Although this once happened innocently through personal exchanges among family and friends interacting online, companies such as Facebook, Twitter, and Klout have found ways to commodify the experience to maximize the benefits for advertisers.

Taken together, audience fragmentation, public relations, guerrilla marketing, and social networking sites have severely challenged the traditional use of mass market advertising. Indeed, this trend has affected Canada's largest agencies. Many have stopped describing their work as advertising, and prefer the terms "marketing" or "communication" (Zyman, 2003). The public simply sees more advertising delivered through more channels than ever before.

Privacy

As noted above, advertising was not welcome on radio when commercial broadcasting began. Similar concerns have dogged the recent development of new marketing practices. Particularly troublesome is the practice of collecting and selling databases of personal information. For decades, periodical publishers have maintained the names and addresses of everyone who subscribes to their magazines. These mailing lists are valuable. In effect, they are databases of individuals who self-identify their lifestyles and spending habits through their choice of reading material. If a magazine reaches a well-defined target market, certain advertisers will want to buy space in it. Direct marketers, however, would rather send their own materials (sometimes called "junk mail") to each subscriber rather than use the magazine itself. Publishers sell their mailing lists to direct marketers for this purpose.

Many other organizations generate similar databases. Digital technologies allow data to be collected across vast networks of businesses. Most prominent is the Air Miles program operated by LoyaltyOne. The program encourages consumers to favour certain retailers, products, and services by rewarding them with points for every purchase. The points can then be used toward air travel. The Air Miles database starts with each person's name and address. It then records each person's purchases, and where, when, and how much was spent. After collating this data, LoyaltyOne can generate highly specialized databases of individuals sorted by their buying habits. For example, it could generate a list of everyone who purchases dog food. With this list, a dog food manufacturer could send a brochure and coupons to everyone on it. Alternatively, the manufacturer could send the same information by email (sometimes called spam). Either way, the manufacturer can be confident that all of the recipients are potential customers because it already knows they buy dog food. This is far more efficient than mass media advertising where 50 to 75 percent

of the audience may not even own a dog. Similar databases can be generated by every other loyalty program and credit card offered in Canada.

These practices have fostered anxiety among Canadians. Although consumers provide personal data to companies they trust, they are not willing to have those data shared with a third party. This is apparent in the disdain for junk mail, telemarketing, and spam. Data sharing is unlikely to stop, however; quite the opposite, Facebook has commodified the data its users post to the site to produce one of the most sophisticated and intensive databases ever created about human consumption practices. The estimated value of the company when its shares went public—between $75 billion and $100 billion—was based on its ability to collect and organize personal information for marketing purposes (Avery, 2012). Canadian users were among the first to realize the consequences of their participation, and a Toronto-based campaign encouraged users to delete their personal accounts (Lunau, 2010). More substantially, the federal Office of the Privacy Commissioner investigated Facebook in 2009 and found its data practices problematic when assessed against Canadian privacy law. Facebook subsequently made changes to its global user policies in response to the commissioner's report (Canada, Office of the Privacy Commissioner, 2009; 2011).

Google also offers services to advertisers. Through its AdWords program, Google will associate specific words or phrases with a specific advertiser's website. Then, each time a surfer enters matching words or phrases into the search engine, the search results will prioritize that advertiser's website. Google can tailor its results to the geographic location of anonymous users based upon their IP addresses and to known users through their Google log-in information. For example, a local pizza shop can have its ad prioritized for surfers in its area, while a national pizza chain can have its ad prioritized for surfers across the country. Google then bills each advertiser for every surfer who clicks through from its results page to the advertiser's website. It is Google's ability to collect, retain, and analyze data from searches and click-throughs that raises concerns for privacy advocates. Anyone who has an account with Google, and logs in before every search, will have all of his or her browsing recorded for future use. Google argues that this data is used to improve the accuracy and quality of future searches (Google, 2012). Critics counter that Google retains an unnecessarily detailed level of personal data on its clients.

Equally troubling is the idea that corporate data systems may not be secure. Information contained on electronic databases may be divulged by insiders or hacked by outsiders. In 1997, the Province of Ontario Savings Bank accidentally placed its electronic records for 50,000 customers in the public domain—including their names, addresses, phone numbers, account numbers, and social insurance numbers (Ontario, Information and Privacy Commissioner, 2000). More recently, groups such as Wikileaks and Anonymous have demonstrated their ability to obtain information from supposedly high-security organizations such as the United States military and Federal Bureau of Investigation. Such leaks undermine confidence in all electronic exchanges.

The Canadian federal government cooperated with the CMA to develop legislation governing the use of personal data for advertising and marketing. Both parties sought positive means to bolster the integrity of these databases and to diminish the public's fears. The result of their negotiations is the ***Personal Information Protection and Electronic Documents Act*** (2000, c.5), commonly known as **PIPEDA**. It requires all organizations to obtain the consent of individuals before they collect, store, or distribute personal information. Organizations must also ensure their databases are secure from unauthorized use. For example, under PIPEDA all Canadian periodicals must state whether they sell their subscription lists to other organizations. If a periodical does, it must let subscribers opt out of the list. It was this law that prompted the Privacy Commissioner's investigation of Facebook.

Although the law did not originally apply to telemarketing, the CMA lobbied successfully for its inclusion. Because telecommunications are regulated by the CRTC, however, the government had to empower that agency to take action through an amendment to the *Telecommunications Act*. This passed in 2005. The CRTC then brought into service a mandatory national "do-not-call list" in 2008 that discourages telemarketers from contacting anyone whose number is registered (Canada, CRTC, 2007). The CMA now seeks controls on spam, but a disagreement between the CMA and the government over the implementation of such controls has delayed passage of the relevant legislation (Geist, 2009).

SUMMARY

Advertising in Canada has come a long way from the first newspaper ads in 1752. The creative content of advertising today is colourful and slickly produced, the tone is aggressive, and the technology is stunningly complex. Still, its purpose remains the same: to persuade the public to buy. Less obvious is the effect that advertising has upon our public debates and culture. The influence of industry lobbies such as the ICA, ACA, CPRS, and CMA affects the shape of federal and provincial law. Just as importantly, the logic of media buying affects the nature of Canadian culture as it is produced and distributed through the mass media.

QUESTIONS

1. What is advertising? Has it changed significantly with the advent of digital media?
2. Who has prompted reforms in the advertising industry, and why?
3. Is self-regulation a sound and principled way to regulate the advertising industry?
4. How does media buying affect the content of Canadian radio and television?
5. Why might some observers claim that advertising is either dead or dying? Are they correct?

NOTE

1. Many of the industry associations discussed in this chapter have changed their names since they were founded. Only their current names are used here.

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PART III
Media Institutions

Introduction

Leslie Regan Shade
University of Toronto

The four chapters in this section of *Mediascapes* examine various issues and specific case studies of distinct media institutions in Canada—the impact of changing structures of media ownership amid ongoing concentration, convergence, and evolving communication policies (Shade and Lithgow), the often peculiar yet highly creative and popular genre of mockumentaries within the Canadian film industry (Druick), the influence of the public relations industry in shaping media discourse and popular culture (Greenberg), and the video game industry, which has situated Canada as a global leader in design and production of this lucrative business (Consalvo).

Leslie Regan Shade and Michael Lithgow's chapter provides a general introduction to the structural factors surrounding media ownership, both in the global and the national context. As they discuss, the role of media in a democratic society is fundamental. Media serve to enrich, edify, educate, inform, entertain, and illuminate. But as they demonstrate, over the last 25 years, and particularly within the last decade, corporate media have become more powerful in several ways: because of consolidation, vertical integration, and digitization. Corporate media are also influential players in their ability to effectuate and shape communication policy for their interests—which are not necessarily in the public interest. Media ownership matters, as the examples discussed in this chapter illustrate; these include recent debates on foreign ownership in the broadcasting and telecommunication sector and the perceived role and sustainability of public service media such as CBC. Media activism, the goals of which are to reshape media policies and institutions for the continuance of the public interest and ensure a wider diversity of voices, has been re-energized in the last decade, and has coalesced around the media reform movement, which has been active in various national contexts. The chapter reviews several Canadian initiatives, pivotal media reform organizations, and policy moments.

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Structures of participation—both in media policymaking and in citizens' cultural engagement and production—are also fundamental issues related to media democracy, and accrue around the notion of cultural citizenship, which Shade and Lithgow discuss in relation to exciting media endeavours that link culture and identity and are truly intended to increase the diversity of voices in the Canadian mediascape.

Canada is well known for its documentary film tradition, with the National Film Board of Canada (NFB) emblematic of this venerable cultural tradition. Referencing this tradition, Zoë Druick examines the rise of Canadian mockumentaries (fake documentary films), characterized by low production budgets, a retreat from the standard format of NFB docs, and an intentional estrangement from the making of feature-length films. Druick argues that mockumentaries are a contemporary cultural form customized for a country that is self-conscious about its ability to make popular and internationally acclaimed films. Through several Canadian and Quebec examples, Druick shows how mockumentaries serve as double-edged texts through parodying documentary conventions (including the NFB sensibility), as well as paying homage to and reinforcing this filmic genre.

Studying public relations and its fascinating industry history is the topic of Josh Greenberg's nuanced chapter. It is often too easy to deride and critique this industry for its shallowness and complicity in pushing "spin," or engaging in ethically dubious practices of deceit, but as Greenberg adroitly demonstrates, PR can and has been used for progressive social ends from its inception to today. PR practitioners and professionals are not only diffuse and situated in a variety of organizational contexts but also guided by professional associations that accredit members, delineate codes of ethics, and engage in professional development activities. Greenberg devotes a section of his chapter to how PR has been portrayed in popular culture, from early cinematic depictions to contemporary films, television shows, literature, and music. Documentary films about the PR industry are also addressed. The relationship between PR and journalism is also explored, an arrangement that has been the subject of much debate particularly as critics contend that it has led to a diminution of journalistic quality and integrity.

A rapidly growing and lucrative media and digital technology sector in Canada is the video game industry. Mia Consalvo's chapter looks at this fertile industry in Canada, where game design and console platforms, as she describes from their early origins to now, have been integrally related to the economic development of the industry. Vancouver, Toronto, and Montreal serve as the major hubs for video game development in Canada, with the well-known companies such as Electronic Arts, Ubisoft, and Eidos receiving lucrative provincial tax breaks in order to compete globally. An available and talented labour pool often educated in digital media arts programs and the allure of residing in hip centres of creative cities has made working for these studios attractive, and thus energized the industry. In order to understand the impact of Canadian studios in the global video game industry, Consalvo situates a case study of Edmonton-based Bioware, whose fame has rested on the creation of popular role-playing games, as it aptly illustrates the coupling of global shifts in the industry and the impact of technological developments. Lastly, the ethical issues surrounding video games—critiques of violent content and legal actions against the industry and the development of content-rating systems by the industry—are addressed, as are more recent debates surrounding labour practices in the industry, where a culture of informality in the workplace can obscure serious issues such as low compensation and arduous hours.