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Title: ***CBC.CA*: Branding, Canadianization and broadcast sovereignty in a digital environment**

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Abstract
CBC, like many public broadcasters, has identified the value of branding their services on the world wide web as a crucial element in the strategy to bring radio into the digital era. Their approach highlights a number of strategically important issues facing broadcasters in the current environment. The Internet, in Canadian terms, is an unregulated space and a not particularly Canadian space. Just as in the terrestrial environment, broadcasters like CBC have to operate in an environment dominated by United States-based interests. The regulatory solutions that Canada has previously pursued in order to preserve cultural sovereignty may be either inadequate or inappropriate for the new media environment. Evidence shows that despite producing distinctive and innovative radio content informed by public service values, the new media marketplace in which Internet and other forms of digital radio operate, is one in which even significant brands such as CBC will find difficult to succeed in.

Keywords: **CBC; digital radio; Internet radio; Canada; CanCon; regulation**

CBC.CA: Branding, Canadianization and broadcast sovereignty in a digital environment[1]

Radio's transition into a digital environment has proved to be more complex than just the simple digitalisation of terrestrial broadcast networks. In addition to competing technologies capable of bringing radio and radio-like services in digital form to listeners, listening patterns to audio content of all kinds have changed in parallel with new modes of media consumption via Internet-based and mobile applications. The future of radio, as a former president of the World DAB Forum has argued, is indisputably digital but its precise nature is less clear and it will take longer than all the experts thought.[2]

Arguably, the Internet has played one such disruptive role in the overall organization of radio broadcasting. Internet Radio (IR) is a relatively recent industry phenomenon but the degree to which the web has become such a central part of the delivery of a broadcast service underlines its significance for the future shape of radio. This article considers the role played by the Internet, and to a lesser extent satellite, in the digital transition for public radio in Canada. It examines the case of the new media strategies of the Canadian Broadcasting Corporation, its use of the web as a potential third arm of broadcasting and looks at how new and problematic issues of regulation have arisen, highlighting the difficulties for maintaining broadcast sovereignty in the digital arena.

CBC, in common with many other public broadcasting organizations around the world, has been to the forefront in adopting the Internet as a core element of its corporate strategy and its branding.[3] CBC has been building its web presence at www.*CBC.ca* since 1995 and has at various times been a pioneer in media streaming, value-added and web-only content, and podcasting. The focus of the current analysis is on how CBC has attempted to build, maintain and extend its particular brand of public service broadcasting around the web portal of *CBC.ca.* This is confined to Anglophone Canada and is concerned primarily with its Internet strategies and to a lesser extent its involvement in satellite broadcasting. The equivalent new media initiatives of CBC's Francophone service in which slightly different conditions pertain as well as a broader consideration of digital networks including satellite for the

industry as a whole are the subject of further research and outside the scope of the current study.

Content Regulation and Broadcasting in Canada

A brief overview of the general legislative and cultural profile of broadcasting in Canada provides a necessary context for CBC's web presence as an attempt to preserve a distinctive Canadian voice within cyberspace. Broadcasting in Canada is a large and profitable system comprising public and privately-funded radio and television services in English, French and third languages at national, regional and local level. According to the Canadian Radio-Television and Telecommunications Commission (CRTC) which regulates the sector, there are over 600 television services in English and French, and well over 1100 over the air radio services.[4] Within English-speaking Canada, the national public broadcaster, CBC, operates two main national networks and some 50 regional stations. CBC radio operates on a commercial free basis and is directly funded by the federal government. It had in 2004-5 a 12.1% national audience share.[5] The private commercial sector comprises 169 AM and 318 FM stations consolidated among four major corporations many of whom have interests across different media industries in Canada (radio, music, television, newspapers, publishing, telecommunications). Private commercial radio in 2004 had an 81% national share of radio listening with annual revenues in excess of 1.2 billion CDN$.[6]

1991 was the most recent major rewriting of Canadian broadcasting legislation. The Broadcasting Act, 1991 seeks to ensure that the broadcasting system 'enriches and strengthens the cultural political, social and economic fabric of Canada'.[7] It imposes a Canadian owned and controlled system of broadcasting, and includes provisions regarding Canadian content in programming and production. It encourages the development of Canadian expression, and the use of Canadian talent and creative resources. There is also a specific emphasis on reflecting Canada's cultural diversity and states that programming and employment opportunities should serve the needs and interests of all Canadians, and reflect their various circumstances.

The protection of the position of Canadian content or 'CanCon' is the cornerstone of cultural policy as enacted in the legislation. The Act requires that Canadian expression should be fostered by displaying and broadcasting Canadian talent; maximizing the use of Canadian creativity; using the Canadian independent production sector; and charges the Canadian Broadcasting Corporation, as the national public broadcaster, to actively contribute to the flow and exchange of cultural expression. Under the Act, the CRTC has the power to decide what constitutes a Canadian programme and the proportion of time that should be devoted to Canadian programming. It uses a system of quotas to regulate the quantity of Canadian programming on radio and television and determines any cultural artifact's 'Canadian-ness' using a points system based on the number of Canadians involved in its production. For television, public licensees are required to devote not less than 60 per cent, and private broadcasters not less than 50 per cent of evening time programming to Canadian content. In its 1998 Commercial Radio Policy, the CRTC increased the Canadian content requirements for AM and FM radio broadcasting from 30 to 35 per cent.

The prominence given to content regulation in Canadian broadcasting stems from the obvious fact that it shares both a border and a common language with the largest producer of cultural products in the world. From its earliest days, first in radio and later in television, the US-domination of broadcasting in Canada has been evident and public policy has been motivated by an effort to regain control of the airwaves through legislation. Noting that 'the majority of the programs heard are from sources outside of Canada', the Aird Commission of 1929 established the first regulator and national broadcasting system and from that time the difficult balance of maintaining popularity and broadcasting distinctive Canadian content has been negotiated. The Caplan-Sauvageau Task Force on Broadcasting Policy of 1986 was particularly critical of Canadian broadcasters' performance in this regard, highlighting that nearly 98 per cent of television drama was foreign-originated and that Canadian programmes accounted for only 28 per cent of overall English-language television. Despite their profitability, Canadian broadcasters were criticized for not spending enough on developing new Canadian talent or producing sufficient Canadian content. For its part, the CBC was simply under-funded and not given sufficient support to carry out its mandate. The resulting Broadcasting Act of 1991 and more rigorous approaches to content regulation and monitoring since then have been credited with the development

of a thriving independent audio-visual production sector as well as a successful Canadian music industry, reversing the trend and fostering an international profile for Canadian cultural products.

Somewhat controversially, in 1999, the CRTC exempted new media broadcasting, and effectively the Internet in Canada, from regulation.[8] New developments in technology, the Commission acknowledged, had led to a situation where new media, incorporating text, graphics, data, fixed images, audio, full motion video and animation, could be delivered over digital networks to exhibition devices such as personal computers (PCs) or television sets. The Commission determined that as the majority of Internet services consisted predominantly of text-based websites, they did not fall within the scope of the Broadcasting Act or under the Commission's jurisdiction. Equally, digital services with the potential for significant user customization and in which users created their own uniquely tailored content were considered not to involve the transmission of programs for reception by the public and, likewise therefore, did not constitute broadcasting. For those media services that did fall under the definition of broadcasting, including video, audio and still images, it was felt that regulation was not necessary to achieve the objectives of the Broadcasting Act. The Commission argued that the circumstances that led to regulation of Canadian content in traditional broadcasting did not exist in the Internet environment at the time and that market forces were providing a sufficient Canadian presence on the Internet supported by a strong demand for Canadian new media content.

The CRTC decision of 1999 effectively drew a line between broadcast services delivered by terrestrial, cable and satellite and those services delivered by the Internet, releasing the latter from any form of regulatory control or stimulus for further content development support. The distinction, of course, is an increasingly difficult one to draw, and convergence at both the technological and industrial level, as Winseck has observed, has led to a situation where the mediascape has extended into cyberspace and has become as intensely competitive a field as the terrestrial one.[9] For this reason, CBC prioritization of new media from the mid 1990s arose less from a desire to be a pioneer in new technologies but from a need to build and defend a competitive position for the CBC brand in the only truly unregulated space within the Canadian

mediascape and within which consolidation and cross-media ownership was the order of the day.

New Media, New CBC

Broadcasting convergence has been identified as both a challenge and an opportunity for public service broadcasting and its remit.[10] For some, one of the main ways in which public broadcasting can ensure its continuing relevance and public support in the digital age is through a commitment to publishing across a variety of new media platforms and in particular maintaining a high profile presence on the Internet. Often against a background of financial cutbacks and uncertain future investment, high risk strategies have, for instance, been adopted by organisations such as the BBC in the UK, Canada's CBC and NPR in the United States to invest in new media content and services outside of the traditional modes of public service radio and television broadcasting. The leading role played by such prominent brand names has not been without controversy and has led to claims about the unfair subsidy involved or the potential distortion to the commercial market for Internet services.[11]

The approach adopted by the Canadian Broadcasting Corporation towards new media was particularly decisive. Perrin Beatty, the CBC's President at the time, outlined as one of the key goals of the organisation in 1998: 'to create a critical mass of content and services to ensure that Canadians can never be relegated to a back corner of the web'.[12] Following one of the most significant financial crises to affect the CBC with massive downsizing and reductions in local and regional broadcast services, this was a bold initiative which unambiguously placed success on the Internet as one of the key strategic goals of the organisation. As such, the aim for CBC was to be the primary source of Canadian news and culture on the web. Beatty outlined four guiding principles underpinning this new media strategy. Firstly, CBC would serve its audiences wherever they were and on whatever technology they were using. Secondly, CBC would respond to the demand for increased choice, in particular for speciality and niche interest channels via radio, television and the web. Thirdly, with its special responsibility to preserve and promote Canadian content, CBC would use its web presence to leverage the CBC's position as the main repository of Canadian audio-visual culture. Finally, Beatty committed the CBC to a path of technology

innovation on the basis that Canadian audiences demanded it and would only be retained by innovative and exciting new media content. Acknowledging the difficulties in such a move, not least CBC's new, leaner economic reality, the dominance of multinationals on the web, the difficulty in developing a realistic revenue model for the Internet, the threat of cannibalizing audiences, and the limitations on current bandwidth, Beatty argued that it was precisely for all these reasons that the CBC had to adopt an aggressive approach to new media.

The 'New Media, New CBC' strategy adopted in 1998 appeared to be well supported by the corporation's experience in the field. Beginning with experimental sites in 1993, CBC launched its *CBC.ca* and Radio-Canada.ca home pages in 1995 and was the first broadcaster in Canada to offer live audio streaming on the Internet. This was quickly followed by the addition of sites for all major aspects of the CBC service including CBC Online News, CBC4kids and dedicated sites for its television and radio channels. There was also an early commitment to new delivery platforms with support for Digital Audio Broadcasting (DAB) since 1999, SMS text news alerts since 2001, interactive TV and video on demand since 2003. More recently, CBC's support for legal music downloads and podcasting has won it acclaim as one of the first public broadcasters in the world to develop a successful model for harnessing new modes of audio delivery.[13] The aim of being available on all relevant and contemporary distribution platforms more recently was also used to justify CBC's participation in the Sirius Canada consortium for satellite subscription radio launched in December 2005, discussed in further detail below.

CBC's engagement with the new media landscape also sat comfortably with the image of Canada as a technologically highly advanced nation. Canada is a world leader in communications technology, a keen supporter of ICTs and the information society and has developed a number of measures to support the creation of a knowledge-based economy underpinned by high levels of Internet connectivity and public investment in information technology infrastructure.[14] Canada is second only to the United States in terms of broadband connections and the proportion of its population online (72 per cent versus 76 per cent respectively).[15] In the period in which CBC was launching its new media policy, home use of the Internet grew substantially from 16 per cent in 1997 to 40 per cent in 2000.[16] Currently, at least 75

per cent of Canadian households have a computer; 72 per cent regularly use the Internet whether from home or another location; 56 per cent of Canadians report being online seven or more hours per week; as well as being very experienced users with 61 per cent report being online for five years or more.[17]

This backdrop of a highly connected society is matched also by a supportive industrial environment with a light-touch regulatory framework that has sought to work closely with the relevant sectors in formulating policies that encourage innovation. A 1996 government-wide Action Plan, titled *Building the Information Society. Moving Canada into the 21st Century*[18] led to a policy of close partnership between government and industry in which, as d'Haenens and Proulx observe, 'industry takes the initiative, and the government watches, stimulates, supports, regulates, creates the needed context.[19] The Broadcasting Act, likewise, requires that the Canadian broadcasting system should be 'readily adaptable to scientific and technological change', and that regulation should 'not inhibit the development of information technologies and their application or the delivery of resultant services to Canadians'. CRTC policy has correspondingly supported a generally *laissez-faire* approach, responding as required to industry needs, not wishing to impede what has been perceived to be a creative and dynamic sector with significant potential for Canada.

CBC's new media activities need to be either self-financing or cross-subsidised from other activities and place a substantial burden on the organization. CBC's mandate for which it receives direct federal funding is to develop radio and television content that is 'predominantly and distinctively Canadian' and 'made available throughout Canada by the most appropriate and efficient means'. By adopting the additional role of being an aggregator of Canadian content on the Internet, CBC is effectively attempting the 'Canadianising' of the web in the same way that content quotas have previously sought to counteract US domination of content in Canada's domestic broadcast space. Its goal to be 'the most *important* and popular source of Canadian news, information, and entertainment content on digital networks' sets CBC the task of being the reference point for Canadian content at a global level, against competition from the major multinational interests that dominate Internet traffic.[20] The objective and the prize, of course, is to extend the reach of the CBC brand, known for 'its quality, credibility and Canadian values'[21] onto a global stage, in much the same way as other

major international brands, such as the BBC, have sought to achieve. The parliamentary Standing Committee on Canadian Heritage, reviewing the provisions of the Broadcasting Act in 2003, singled out CBC's new media activities for particular praise, recognizing the new landscape required broadcasters to develop cross platform strategies by which their online content supplemented their radio and television activities.[22] As such, the Committee recommended in the interests of greater clarity and mission focus that 'the Broadcasting Act be amended to recognize the value new media services as a complementary element of the CBC's overall programming strategy'.

Building the Brand: *CBC.ca*

This section analyses in more detail the nature and content of *CBC.ca,* the domain name and home page of Canada's national broadcaster on the web. It looks at the cross-platform relationship between the radio services of CBC and their web presence and in particular examines the case of CBC Radio 3, a digital only service which had its origin as an Internet radio station but which has since migrated onto a satellite platform. The performance of *CBC.ca* is examined against the background of Internet traffic in Canada and the relative visibility of Canadian web content in a mediascape heavily dominated by US brands.

CBC.ca as the main web portal of CBC represents the most visible aspect of its new media publishing strategy and is the focal point of its brand-building efforts on the Internet. Launched originally in 1995 and redesigned in 1999, *CBC.ca* hosts online content for each of the CBC's principal services in radio and television as well as web or digital-only services. It represents an extremely large web presence with over 750,000 pages online, reproducing and adding additional content across the CBC brand.

The aim of *CBC.ca* is to be a primary destination for news content online, integrated within the CBC brand family, and characterised by public service journalistic values. The focus is on conventional content with broad mass appeal with particular emphasis on news, information, entertainment and supporting and complementary content for popular radio and television programmes. In order to reinforce its public service

character, the portal was made largely advertising-free in 2000, though more recently some reversal of this has taken place as the commercial potential of its substantial web traffic became harder to resist .[23]

The homepage of *CBC.ca* (see Figure 1) acts as a general news site and emphasises news content with some cross promotion of other CBC services, including other interactive and digital services as well as broadcast programming. Prioritising news content has been a means of maximizing traffic to the site in that news is consistently cited as the reason attracting most visitors to *CBC.ca*.[24] Based on user research and feedback, the site has been constructed to ensure a level of 'stickiness' or retention of visitors for its various services and reflects web rather than broadcast production values, usability, navigation styles, and core content. There is less immediate emphasis on streaming and multimedia content which are located in the 'programme content zones' or broadcast areas of the site but which are not seen as the primary elements that draw visitors to *CBC.ca*. As Figure 1 illustrates, prominence is given to the *CBC.ca* brand name and logo with further content organised in links for News, Business, Sports, Arts & Entertainment, Weather, and Health and Science. Links across the top navigation bar direct visitors to radio and television programme pages and include pull down menus with links to individual radio, digital-only and on-demand CBC television services. Localisation is also provided allowing the visitor to customise content for individual regions as well providing access to all other local services and information.

Figure 1: *CBC.ca* Home Page

Hosting of the CBC radio network on *CBC.ca* is illustrated in Figure 2. The network comprises CBC Radio One, Canada's premier news and speech national radio service, featuring news magazine-style programming and some music, broadcast across three time zones with additional regional programming in distinct time slots; Radio Two with a focus primarily on classical music programming as well as jazz, contemporary and world music; Radio Three, the digital only (web and satellite), youth-oriented independent music channel; and Radio Canada International (RCI), the international service of CBC. Figure 2 sets the context for CBC Radio against a map of its vast continental expanse, incorporating a customised media player allowing users to listen to all available streams in either low or high bandwidth versions.

Figure 2: CBC Radio Home Page

The presence of the two national terrestrial services, Radios One and Two, on *CBC.ca* consist of a broadly conventional approach to the publishing of media content online. CBC Radio 3, by contrast, represents a more radical approach (see Figure 3). It is described by CBC as 'a convergence site' situated on the web but contributing programming to other distribution channels within the CBC system including Radio 2 on FM and the 24 hour subscription service on Sirius satellite radio. Radio 3 was established in 2000 and was originally intended as a fully fledged FM channel aimed at a youth audience but for funding reasons only ever developed as a web service.[25] Owing its origins to a CBC strategic plan to reposition all its radio services in favour of younger audiences, the publishing experiment, as well as garnering industry plaudits, has developed an established youth following in the coveted 18-to-34 demographic with half-million unique users to the flagship website on average each month.[26]

Figure 3: CBC Radio 3 Home Page

The Radio 3 home page features all the different facets of new media publishing: the Radio 3 media player, podcasting, a blog and RSS feed, and links to its sub-sites and magazine archive. Operating in different ways as a virtual distribution channel for new Canadian music and an on-line magazine of contemporary independent and underground music scene, Radio 3 contributes programming to the regular CBC network, including the veteran indie-music programme 'Brave New Waves' on CBC Radio Two, a weekly podcast hosted on iTunes, and most recently its 24 hour programming service on the Sirius satellite network beamed across North America. The constituent sites of Radio 3 include NewMusicCanada.com, hosting unsigned bands with features, demos and studio sessions; JustConcerts.com, featuring live and studio recordings with new and established independent artists; and RootsMusicCanada.com, dedicated to country, folk, traditional and instrumental music. A weekly online magazine published media-rich Flash creations, music, stories, video art and interactive content until March 2005 when it was suspended pending a review of the project.[27] The various sites within the Radio 3 family provide a rich archive of unsigned and independent music from the burgeoning Canadian music industry, much of which has benefited from development funds levied on the

industry. As a unique cross-media project CBC Radio 3 has won wide industry acclaim with over 30 international awards, including 3 Webby Awards and the Prix Italia.[28]

CBC Radio 3 epitomises the more radical and innovative aspects of CBC's new media publishing approach. It is intended to be less like radio and much more reflective of the music culture from which it stems, seamlessly and fluidly merging images, music and text. Its ambition is not necessarily to lead visitors from the site into traditional radio but to draw them into CBC's 'zone of convergence' that touches upon established CBC domains but essentially acts to extend them within a wider mediascape.[29] Podcasting, for instance, was quickly integrated into CBC Radio 3's distribution methods and the weekly compendium of music from Radio 3's playlist has become one of CBC's most successful ventures in the field. CBC was one of the first major broadcasters to enter the podcasting terrain, and for a period its Radio 3 podcast earned number one ranking on Apple's iTunes for radio downloads. Initially in standard mp3 format with over an hour of new Canadian music, its latest innovation is an enhanced format designed for use with iPods containing embedded chapters, band photos, and links to artist websites. The podcast as such has successfully extended the reach of CBC Radio 3, ultimately serving more listeners by podcasting than by either webcasting or on-air on the CBC Radio Two network.[30]

In evaluating the success of *CBC.ca*, CBC-compiled Internet ratings data would appear to support the view that it is succeeding and having an impact on Canadian web space. Its overall market position in 2005 placed it as third most popular Canadian web destination, among the top five news sites visited in Canada and frequently ranking as the number one media/broadcasting company online in Canada. The web portal records nearly 2 million unique at home Canadian visitors per month. Full usage numbers which include at home, at work and foreign traffic appear particularly impressive with over 9.5 million unique visitors, over 28 million visits and over 100 million page views served per month.[31] The comparative Canadian data for at home visitors in Table 1, for instance, illustrates the strong growth in traffic to *CBC.ca* and its pre-eminent position recorded in January 2004 as the top media and news site for Canadians.

Table 1: At Home Visitors to Media/News Sites

Site	Jan. '03 (000)	Jan. '04 (000)
1—*CBC.ca*	1,448	3,005
2—Canada.com	2,031	2,716
3—Weather Network	1,052	2,475
4—Canoe.ca	1,455	2,085
5—CNN.com	1,349	1,698
6—MSNBC.com	1,579	1,662
7—Globeandmail.com	996	1,459
8—Radio-Canada.ca	1,190	1,380
9—BBC.co.uk	851	1,278
10—TSN.ca	699	1,113
11—CTV.ca	573	904
12—PBSkids.org	533	733
13—Discovery.com	726	721
14—Muchmusic.com	616	716
15—RDS.ca	632	689

Source: CBC Research.

The most popular category of content visited on *CBC.ca* is news (including national and international news, business, weather, arts and health/science). Table 2 shows that a third of the monthly page views are in the news section of *CBC.ca*. Radio and television pages account for just 9 per cent of traffic, supporting the general position adopted by CBC in prioritising a user-focussed, news approach. This is also supported by internal CBC qualitative research in which 45 per cent of visitors gave news and current events as the main reason for visiting, with a much lower six per cent citing television and just three per cent citing radio programming content as the reason for visiting.

Table 2: CBC Monthly Page Views by Content Area (May 2005)

Area of Site	% of Page Views
News	33
Regions	17
Home Page	16
Kids	10
TV/radio pages	9
Sports	4

Other	11

Source: CBC Research

In support if its claim that *CBC.ca* complements rather than duplicates or competes with other CBC services, the website's main traffic is recorded in weekdays, peaking in the middle of the day, and capturing a large 'in-office' audience. Where radio tends to dominate in morning and afternoon drive time dayparts, and television in the evening, *CBC.ca* has been able to successfully build an audience that broadcasters have traditionally found extremely difficult to reach. In promotional terms, the web service 'completes the day for the CBC audience' and the aggregated radio, TV and web audience allows CBC to balance its provision across the day, particularly for news, enabling it to argue that CBC serves Canadians when they want, in the form they want, wherever they are.

CBC.ca also achieves a greater demographic spread across the audience range by attracting younger audiences to its services. CBC research claims the audience profile for *CBC.ca* to have the youngest skew of all CBC services with 42 per cent of its audience in the 18-34 year old age bracket. It also exhibits many of the characteristics of the 'early adopter' with a male skew, well educated with above average household income. Significantly also, 75 per cent of its users access the service via a broadband connection and are in the vanguard of users of converged media sites and services.

Where CBC's support for new media activities and new technology platforms has been subject to some criticism, one of the effects of the strategy has been a subtle re-branding and repositioning of the corporation as a leading player in the new mediascape.[32] The alliance with youth-oriented, independent culture combined with innovative technology and design applications has added a new dimension to the CBC brand, relieving it to some extent of a previously more conservative, 'stuffy' image.[33] The fact that *CBC.ca* has added to the overall CBC programming mix is all the more important given the displacement effect of new media and Internet use and it could be argued that CBC has achieved a quite successful migration of its service into this new environment. Branding and image aside, however, CBC's position, as for all public broadcasters, remains a precarious one and the availability of resources and the level

of public support remain will ultimately determine the sustainability of activity in this field.

Audience Fragmentation in the New Media Landscape

While CBC's contribution to Canadianisation of the web is significant and important from the point of view of its mandate, the environment in which it operates is highly competitive, unregulated in the sense that little protection is offered for public service initiatives, and characterised by increasing degrees of audience fragmentation. This section, therefore, considers some of the broader features of the new mediascape, including take-up of CBC's and Internet services in general, as well as the impact of the widening range of digital choice offered by the opening up of the satellite radio market.

With wide penetration of cable, satellite and broadband, and extensive speciality and pay cable/satellite services, nearly all Canadians enjoy an extremely wide range of choice of media. Significant audience fragmentation has been a result and while most media content is subject to CanCon quota regulations, anomalies in the system have begun to emerge not least due to time shifting technologies such as personal video recorders (PVRs). As an indicator of the kind of fragmentation that is taking place, changes in television viewing habits in the period from 1993 to 2000 show a steady decline in viewership of conventional broadcast television services towards speciality digital channels. CBC's share of television viewing, for instance, has fallen in the period from 13 per cent to 7.5 per cent; private television from 45 per cent to 36 per cent, but speciality digital channels have risen from six per cent to 20 per cent.[34] Similarly, radio has undergone substantial change and average radio listenership has fallen by 90 minutes a week between 1995 and 2004; from 21 hours to 19.5 hours per week. The decline is most marked for teenagers whose average weekly listening fell by three hours per week to 8.5 hours and for young adults to 15.7 hours per week. Radio listening in the home has declined from 56 per cent in 1995 to 49 per cent in 2004 though increases have been noted in in-car and at work listening.[35]

Given the high rates of Internet take up in Canada, it might appear that there has been a shift from traditional media to online, or to put it another way, that increasing

Internet usage has displaced traditional media use. As noted earlier, Canada is a global leader in online connectivity with 72 per cent of all Canadian households regularly using the Internet. Of these, 65 per cent have a high speed or broadband connection from home and in the higher income bracket, 4 out of 5 homes have high speed Internet access.[36] According to the Canadian Internet Project (CIP), however, the displacement effect is not as significant as might be expected. According to CIP, Internet users spend only slightly less time than non-users using traditional media (roughly 1.8 hours less per week) even though they are online for an average of 13.5 hours and spend more time online than with any other medium.[37] The one area in which Internet users were reported to spend increased time was in listening to music, either on CD or on an mp3 player. While the key traditional media of newspapers, radio and television may appear to be the principal losers to wider Internet adoption, Internet users still spend a considerable amount of time with a diverse range of media services, and are substantially heavier media consumers than non-Internet users. As such, it is argued that Internet is a supplement to traditional media rather than a replacement and that Internet users are simply more media-oriented than non-users.

The question from a cultural policy or regulatory point of view is, however, whether such fragmentation has led to an erosion of audiences for Canadian content given the vast amount of media content available in the unregulated and predominantly non-Canadian online environment. In its 2004 survey, the Canadian Internet Project reported that 70 per cent of respondents said they never or rarely access Canadian cultural content on the Internet.[38] When asked to assess the quality and the accessibility of online Canadian cultural content, a large proportion were neither satisfied or dissatisfied signaling an ambivalence about such cultural resources and a clear lack of visibility of their availability. Only 27 per cent of Canadians were aware of the Canadian portal website, www.culture.ca, for instance, and significantly less (12 per cent) had ever accessed the site. Greater numbers used the Internet for news and over a third accessed news online every day with CBC in third position (9.5 per cent of users) after Yahoo (10.1 per cent) and MSN (19.2 per cent).

The stark reality for *CBC.ca* is that in contrast to both terrestrial broadcast and the digital cable and satellite networks for television, where CBC competes under controlled access conditions, the web remains open and without carriage or content

rules. Table 3, based on CBC-compiled research, identifies the top 30 sites in Canada by percentage reach. With Canadian highlighted sites in bold, the ranking illustrates the domination by US portals and other service providers of Canadian Internet traffic:

Table 3: Top 30 Sites by Average Monthly Reach, Sept 2003 – Aug 2004

Rank	Domain	Type of Site	Average Monthly Unique Visitors (000)	Average Monthly % Reach of Digital Universe
1	MSN.COM	Portal	14,938	87
2	PASSPORT.COM	Microsoft Digital Wallet	12,656	74
3	YAHOO.COM	Portal	11,452	67
4	HOTMAIL.COM	Services – email	11,129	65
5	MICROSOFT.COM	Services, software upgrades, corporate	10,334	60
6	MSN.CA	Portal, Canadian localized	9,548	56
7	GOOGLE.CA	Search, navigation, localized	9,524	55
8	EBAY.COM	Retail, ecommerce	6,813	40
9	GOOGLE.COM	Search, navigation	5,708	33
10	GEOCITIES.COM	Services, community sites	5,477	32
11	WINDOWSMEDIA.COM	Entertainment – streaming audio/video	5.055	29
12	**SYMPATICO.CA**	Portal – Bell/BCE content only	4,783	28
13	YAHOO.CA	Portal – localized Canadian	4,344	25
14	GATOR.COM	Ads and comparison shopping robot	3,921	23
15	EBAY.CA	Retail, ecommerce – localized	3,609	21
16	SYMANTEC.COM	Retail, security software	3,501	20
17	**ROYALBANK.COM**	E-business/finance	3,345	19
18	AMAZON.COM	Retail, ecommerce	3,282	19
19	REAL.COM	Entertainment, streaming audio and video	3,115	18
20	TRIPOD.COM	Services, community sites	3,050	18
21	ABOUT.COM	Portal – news/information	2,812	16
22	GO.COM	Portal, Disney, ABC only	2,741	16
23	TICKLE.COM	Services, community sites	2,720	16
24	**CANADA.COM**	Portal, news/information	2,563	15
25	**CBC.CA**	News/information	2,445	14
26	AOL.COM	Portal – services	2,353	14
27	FREE.FR	Services (French) – email	2,265	13
28	CNET.COM	News/information on technology	2,256	13
29	COM.COM	News/information on technology	2,227	13
30	**CANOE.COM**	Portal to English and French sites	2,181	13

Source: CBC Research

The clear winners in the online environment are portals as they aggregate communications and utility functions such as email and search capability along with

popular content. As such, portals tend to dominate in all national Internet markets and Canada is no different in this respect. English-speaking Canada is, however, particularly dominated by US services and there are few major Canadian content providers above 15 per cent reach online (Canada.com and *CBC.ca*). There is only one Canadian content provider among the top 25 sites accessed in Canada. In addition, the top rated sites are all heavily capitalised companies with substantial interests across media and related spheres. With the dominance of portals and search engine sites such as MSN, YAHOO and GOOGLE, branded content providers such as *CBC.ca* are heavily dependent on referral traffic, making them particularly susceptible to the integrationist strategies pursued by global leaders on the web. In addition, there is only one Canadian portal, Sympatico which subsequently merged with MSN and now dominates with over 86 per cent reach. As an illustration of the consequences of such domination, CBC point out that following the removal of *CBC.ca* from the home page of Sympatico.MSN.ca, there was an immediate loss of referral traffic for *CBC.ca* from 17 per cent in May 2004 to 8.3 per cent in June 2004 and now down to just over one per cent in May 2005.[39] The dramatic decline in referral traffic of this type, CBC likens to being 'taken off basic' and highlights starkly the impact of ownership domination by portals that tend to integrate in a vertical manner and refer exclusively within their own domain.

New Digital Networks: Satellite Subscription Radio

Faced with the level of consolidation among the major portals, the promise that Canadians would 'never be relegated to a back corner of the web' appears in hindsight to be a somewhat greater challenge than originally envisaged. Partly to ensure that they were not further marginalized on another platform, CBC's partnership with Sirius Satellite Radio illustrates a growing recognition that strategic alliances rather than independent efforts to build and maintain their brand are the best means of defence in the digital era. The entry of satellite subscription radio into Canada further illustrates the difficulty of regulation and cultural policy keeping pace with events in a fast changing industry.

Following the launch of satellite radio in the United States in 2002, in the form of the competing XM and Sirius platforms, it was clear that just as with satellite television

previously, a 'grey market' was beginning to emerge in Canada with substantial illegal access to the service. Fearing a situation in which the grey market might develop to such proportions as to impact on the domestic radio market and to such an extent that it would be impossible to reverse the foothold gained, the CRTC decided to approve applications for subscription digital radio under revised Canadian broadcasting regulations. The two satellite services were licensed in June 2005 in Canada as Sirius Radio Canada, in partnership with the CBC and Standard Radio Inc, one of Canada's largest private radio companies, each holding 40 per cent shareholdings; and Canadian Satellite Radio, incorporating the XM satellite service. A third application for a terrestrial digital subscription service by Canadian communications conglomerate, CHUM Ltd., was also approved but which has never launched. In order to operate in Canada, the satellite services were required to have at least eight original channels produced in Canada, a quarter of which must be in the French language. At least 85 per cent of the programming content on the Canadian channels, both music and spoken word, had to be Canadian in origin with requirements to provide airtime for new and emerging Canadian artists. Finally, 5 per cent of gross annual revenues were to be given to the development of Canadian talent.

In return, XM and Sirius gained access to the Canadian market with services offering over a hundred channels of commercial-free music, news and sports for monthly subscription rates of between 15 and 20 Canadian dollars per month. With a ratio of foreign (or American) channels to each Canadian at nine to one and the attraction of high profile, star presenters and playlists unrestricted in anyway by quotas to meet content requirements, cultural nationalists cried foul at the sudden influx of American cultural products and, in particular, over the publicly-funded CBC's support for the venture. For its part, CBC viewed the partnership as both a potentially lucrative investment and a guaranteed position on an alternative trans-continental digital network.[40] CBC supplies 6 of the 10 Canadian channels on the network including Radio One, Radio 3 and Radio Canada International. For CBC Radio 3, from being an experimental online service with limited programming on the terrestrial network, it saw its potential coverage extended across North America to 3 million existing subscribers, the development of 24 hour commercial free programming and an undisputed position as the international voice of independent Canadian music.

The entry of both XM and Sirius into Canada was a major disruptive event for the domestic radio market generally, undermining Canada's own digital radio strategy and extending the frontiers of competition for incumbent broadcasters.[41]
An appeal of the licensing decision, as permitted under CRTC rules, was launched by CHUM Ltd and its French partner Astral Media Inc., complaining that their business case had been seriously undermined by the favourable conditions offered to the satellite applicants. In addition, the broadcasting watchdog and lobbying group, Friends of Canadian Broadcasting along with a group of arts and cultural organisations, petitioned the government, claiming that the decision was in breach of the Broadcasting Act in allowing a service with 90 per cent American content and effectively owned by US interests. An effective lobbying campaign made the issue a political cause célèbre and very nearly succeeded in having the decision overturned in late August 2005. However, following a compromise by which the satellite licensees voluntarily increased the number of Canadian stations by 20 per cent and increased their French language content, the decision was finally upheld by the federal government in September 2005. While supporters claimed the decision was inevitable, arguing that overturning it 'would have been like saying no to the Internet',[42] critics were bitterly disappointed, arguing that it marked the beginning of the end for content regulation and would inevitably lead to calls for a loosening of terrestrial radio content requirements so that the radio industry would be able to compete. The industry representative body, the Canadian Association of Broadcasters, petitioned for a delay of the scheduled CRTC review of commercial radio due to the uncertainty in the market following the introduction of subscription satellite radio and at least one leading industry figure has called for the abandonment of all restrictions on the domestic market, claiming 'The genie is out of the world wide media bottle and none of us can stuff him back in' (Careless 2006).[43]

Conclusion

CBC.ca has achieved a number of important objectives for CBC as a national broadcaster. It has made CBC the number one media/broadcasting company online in Canada, a position it does not maintain in the offline world; it has brought CBC to younger audiences and its online service has the highest proportion of 18-34 year olds

of all CBC services; it has also succeeded in extending listenership to CBC radio in new dayparts where traditional radio has had relatively little success.

CBC's commitment to new media publishing and diversifying its operations across a variety of digital networks may in the long term be seen as a far sighted strategic decision that provided the correct response for a public service broadcaster under pressure in a declining market. On previous occasions when broadcasters have faced market difficulties through either changing demographics or challenges from competitors, the response has normally been a programming one. CBC Radio 3, as noted earlier, had its origins in a review of programming output and was part of a wide ranging overhaul of the CBC schedule that sought to make it more relevant and more appealing to its audience. The new media strategy has been broader and has attempted to extend existing services across new networks. Arguing that the decline in radio listenership was indicative of a longer term trend and the result of younger listeners opting out of broadcaster-provided content in favour of self-programmed audio content, CBC put in place a set of complementary platform solutions that played to user sovereignty and recognized the multi-platform reality of contemporary media consumption. This shift in emphasis has had a consequent impact on the production cycle which has required that content is not produced for a single medium but is available across all platforms and re-purposed as required for different formats. CBC enjoys an added flexibility in facing the challenges of this increasingly on-demand radio environment by being predominantly national rather local in orientation and is less reliant on advertising revenue. Its rivals, by contrast, are inherently more local in nature and bound to an advertising base that mitigates against longer term strategic planning that may impact negatively on its clients and shareholders. The challenge that CBC now faces by disaggregating its content across multiple networks is preserving the coherence of its core service and brand image of its major networks.

Alongside some evident success, *CBC.ca* as a brand-building exercise highlights a number of strategically important and difficult issues facing broadcasters in the global competition for market share on the Internet. Framed within the parameters of Canadian legislation and broadcast content regulation, the Internet is an unregulated space with no carriage or content rules and the task of maintaining and preserving a distinctive Canadian voice in this cultural sphere will prove increasingly difficult. As

in the terrestrial world, broadcasters like CBC operate in an environment dominated by United States-based, transnational interests and the regulatory solutions that Canada has previously pursued in the attempt to enhance Canadianisation of media content and to preserve cultural sovereignty may be either inadequate or inappropriate for this new media environment. Not alone does the content regulation regime or 'CanCon' not directly apply to web content; new developments in digital broadcasting including Internet radio and satellite broadcasting are likely to place it under increasing pressure raising more fundamental questions about such a cultural policy in the first place.

The review conducted by Canadian Heritage of the Broadcasting Act acknowledged the high stakes involved, arguing that 'it would take just a few serious mistakes on the part of the regulator, broadcasters or distributors for the entire broadcasting industry to be thrown into economic turmoil'.[44] The CRTC's decision to exempt new media from regulation stemmed in part from the fact that intervention would serve no positive purpose as well as a recognition that the future impact of new media on conventional broadcasting is clouded in uncertainty. Digital networks may replace traditional radio and television broadcasting in the future as the dominant means of reaching mass audiences and as such geographic boundaries may become meaningless in the distribution of media content. Alternatively, the Internet may continue to play a complementary role to conventional broadcasting and enhance media diversity with fewer restrictions on entry to the system. In either case, the CBC has worked on the assumption that while the 'content is king' mantra holds for any discussion for future media scenarios, distribution is the new barrier that entrants to broadcasting will face. And as experience of Internet domination in Canada by powerful US interests has illustrated, gatekeeping to distribution channels is only likely to increase in importance in an unregulated or under-regulated digital environment.

ENDNOTES

[1] Research for this project was supported by the Ireland Canada University Foundation, Glen Dimplex Scholarship 2005 and is based on fieldwork and interviews conducted in Toronto, July 2005.

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