

11

Branded Content

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Back in the olden days, just before the internet was invented, there was a clear demarcation between journalism and advertising. The journalism brought in the readers, who consumed the ads, which paid for the journalism. It was simple. Life was good. Reporters had jobs and media proprietors were absurdly wealthy. Nowadays, in this era of digital disruption, everything is blurred. The web has taken all the classified ads, old style reporting jobs are disappearing and advertising is seriously at risk of becoming the journalism.

Welcome to the endlessly fascinating, and ever-so-slightly scary world of branded content, where reporting is being redefined while most of us are barely aware of what's occurring. This chapter is all about exploring this phenomenon and thinking through some of the consequences. Should we be concerned when our news media produces content that is designed not to look like advertising and when feature writing is being outsourced to corporations with commercial agendas? Or should we chill out because this has always happened and audiences are sophisticated enough to understand the difference between news and schlock?

Or, more controversially, as these blurred forms of news and advertising become more mainstream, perhaps we should just embrace them as the new business models, which might just save what's left of quality journalism? Whatever we do, let's at least understand what's going on a little better and be wary of the traps and challenges, for there are many.

First, a few definitions. There are lots of names bandied about, and some of them are interchangeable. Let's start with 'branded content'. Generally, it is defined as material that is created and designed to promote the company that funds its production. Branded content tends to present itself with a higher purpose than mere marketing, but promoting its funder is central to its mission. Amanda Gome, the former associate editor of ANZ's in-house publication *BlueNotes*, defines branded content as 'pretty much content produced by a corporate'. She says it can be produced in the company's own 'newsroom' or it can be outsourced, but either way it is published on the company's own publication, which generally means on a sophisticated corporate website. Gome believes audiences generally understand that the material on these sorts of sites is produced by companies with their own agendas and are okay with this: 'Everybody knows it's their content and they look at it from that perspective.'

Another term now widely used is 'native advertising'. This is where promotions are produced to look and feel like the editorial content around them. When done well, this form of advertising beguiles audiences into believing that the promotions they are consuming have the same editorial rigour and independence as the material produced by a real newsroom. Real news is about finding out and reporting the facts and discerning the essence of an issue, so if advertising can harness some of this credibility its chances of persuading the public are improved. These kinds of promotions have to engage with the audience so they can slip into whatever context they are designed for. As Gome says, 'native advertising is when you take that content and you might say to Fairfax, "we will pay for you to put it in your advertising spaces".' She adds there would be a disclaimer on the material for the benefit of the audience: 'In that case, it is labelled 'sponsored' and brought to you by ANZ.'

Branded content and native advertising challenge many of the established conventions about editorial independence and

integrity. For a start, how can a newsroom that sits inside a bank even call itself a newsroom? Isn't 'news' a term that's reserved for the kind of information that someone, somewhere, doesn't want published? Aren't corporate newsrooms all about public relations and fluff? Everyone knows that PR is the craft of not telling the whole story by selecting the bits of the truth that portray the client in the best possible light. But nowadays corporations are interested in becoming 'thought leaders' and 'raising levels of literacy' about their areas of interest. Corporate newsrooms are therefore encouraged to build loyal online audiences and then to serve their interests by exploring relevant topics and backgrounding current issues.

The New Daily is a product of the Australian superannuation industry. It produces stories that flood email inboxes across the nation every morning. Many of them are current and insightful and highly readable. They are produced by people with decades of solid journalism behind them and they serve as an alternative voice in our highly concentrated media market. Quite regularly there will be stories about finance and superannuation, and occasionally these will discuss products and services. I suspect readers generally get it. They have worked out this new business model and don't need a lot of reminding that these stories are part of the mix, and, in a sense, pay the bills.

So, how does this approach differ from traditional corporate PR — particularly the work done by in-house communications staff who spend their time dreaming up proactive ways of getting their message out to the public? Is this just a more sophisticated form? Gome says no because there is another force at work: 'As media is shrinking, there is less coverage on our particular area of interest, which is financial services across Asia Pacific.' She has a point. This is a specialised area and the bank relies to some extent on a well-informed public in order to maximise its business opportunities. *The Australian Financial Review* used to have several reporters who focused on the banking sector in the region. Now,

it has perhaps one. So, *BlueNotes* has a mission to fill this gap. 'Our aim is really to do the stories that can help inform,' says Gome.

Our aim is to do deeper stories that maybe the *Fin* wouldn't do, like changes in financial regulations in Vietnam that are going to then help the journalists if they're doing broader pieces about regulatory changes in the financial services industry. So it is aimed to inform the conversation, but everybody always knows it's from an ANZ perspective.

There is widespread agreement that disclosure is vital to ensure audiences have a greater understanding of the nature of the content they're consuming. There is also some agreement that this should be more transparent and consistent, because current forms of disclosure vary wildly. Emily Wilson, the former editor-in-chief of *Guardian Australia* says 'obviously everyone always says everything has to be really clearly labelled, but the labels are really confusing'.

Wilson says:

The Guardian has developed terms that define whether content is 'supported by', 'sponsored by' or just plain old advertising. But even this is confusing because these terms have different meanings in other places.

In America we have a big bureau and financial operation. All those meanings are completely flipped, so now we're debating should we have 'paid-for content', and 'made possible by'. To make things more confusing, not all the money that funds content is the same. Sometimes the money comes from foundations and it's completely editorially independent, sometimes it isn't. So it is a really complicated area.

The Australian Press Council is now grappling with this complexity. The Chairman, Professor David Weisbrot, says it's 'a grey area' because we're talking about content that sits between editorial and advertising. But it is on his radar because the Council has been dealing with 'a whole bunch of complaints'. At the same time he is aware of the commercial realities driving the development of this content because he meets editors who tell him:

... we have got to do something to keep doing journalism, we've got to find a way of replacing the old rivers of gold with some new commercial arrangements that allow us to maintain our newsrooms to do quality journalism.

Weisbrot says 'the sting in the tail' of the complaints the Council receives is that people feel they are being 'duped' by branded content or native advertising. The complaints come from people who say:

I started reading this article, I thought it was a genuine article comparing small cars or health care plans or different airlines' economy seats and about halfway through I realized it was an ad for one particular one and now I'm really angry about that.

The Press Council has made several adjudications. One of the important rulings, back in September 2012, concerned a four-page supplement about the National Broadband Network in which all of the accompanying advertising was for Optus.

The Council dismissed the complaint because it concluded the content 'looked and felt distinctively different' from the editorial content around it. Nevertheless, the Council did decide that there should have been more prominent disclosure and that the term 'special report' in the heading wasn't adequate.¹

Weisbrot says the Council is now seeing lots of 'vibe-only' marketing content, in which brands are either not mentioned, or included alongside rival products. Instead, this content seeks to raise awareness about an issue or get people talking about a topic. For example, Nicabate sponsored a feature in *The Age* and *Sydney Morning Herald* under the heading 'Five effortless ways to shake up your life in 2015'. It didn't flog the product but it did seek to associate it with a healthy cigarette-free lifestyle.²

Weisbrot says newspaper editors are telling him that

these are the sorts of things we really like because we still feel like we're doing journalism, we're not compromised and we have a commercial relationship

at the meta-level but each manifestation of it is not getting into the editorial.

The Press Council has been assessing whether it needs a specific standard or a better guideline to ensure consistent rulings and greater certainty for publications. It is asking when and where disclosure is necessary, and how it should be done. For example, should the identity of the sponsor always be disclosed? Should media organisations have policy statements to inform their readers about the way branded content is handled? Some media organisations already do this. For example, *The Economist* spells out its marketing and promotions policies on its website.

Matthew Pinkney, the head of content at AFL Media, says media companies like his don't really need to agonise over the exact terminology that's used to label content because 'we're dealing with adults, by and large ... and they're generally smart adults'. AFL Media is Australia's largest digital sports network. It employs around 500 staff and produces text, audio and video content for an audience of around four million unique viewers during the football season. He says that he can 'smell native advertising from 100 metres' and he suspects most readers are clever enough to know what's going on:

They'll see that it's an ad and they won't come back
and they won't read it. Or, if they want to read the ad,
if they want to accept it, they will.

Pinkney describes his readers and viewers as 'super-cynical'. They will quickly let him know through social media if his website 'starts pushing stuff' that they don't want to consume. He concedes it's different if branded content or native advertising is targeting children. But even then he says, 'I think how you label things doesn't matter so much as how subtle the integration is.'

Perhaps the ultimate test of any media outlet's independence is its capacity to criticise itself and its financial backers. To what extent is this possible in newsrooms that produce branded

content? Pinkney says he applies the same principles as he used at News Corp, where he formerly worked as a digital editor: 'If we want to build a massive audience, we have to be authentic and we have to be able to criticise ourselves.' He contends that the outlet's credibility relies on being able to call to account powerful people, like senior coaches or even the AFL's boss, Gillon McLachlan, if they're not doing their jobs properly. He says it's important that the site's columnists know they can speak their minds without fearing for their professional futures. He describes this quest for editorial independence as 'an ongoing battle':

So I've been doing this for four years and, you know, sometimes I feel we've nailed it and we're virtually independent, other times I feel that we're being leant on unreasonably.

Traditional newsrooms, especially those that rely on advertising, face many of these dilemmas too. Pinkney says the branded AFL newsroom is similar to the *Herald Sun*:

I remember when the Chairman of David Jones was caught doing something with one of his staff and the *Herald Sun* had a very difficult decision to make about how to cover that story, because David Jones is a million-dollar advertiser, and advertising is super-precious for a newspaper. So how we covered that story was absolutely affected by organisational dynamics and not just the merit of the story itself.

So I'll be honest and say occasionally that happens at the AFL, but mostly we run what you could call an independent newsroom.

Gome contends that ANZ's branded newsroom is similar to a traditional newsroom because everyone knows where the boundaries are: 'Look, I think it's the same as when you worked at News or Fairfax, you always knew where the lines were.'

But it's also true that the lines are more restrictive in a corporate newsroom. While *BlueNotes* occasionally produces stories on topics like 'Have big banks got a future?', it will never be the place

where you will find an expose on dodgy foreign exchange trading by ANZ employees. However, the publication does serve a useful purpose when scandals emerge, as it allows the bank to craft a thoughtful response or conduct an explanatory interview — and probably a tame one — with a senior bank executive. This material will also be used by other media outlets, but it is not the place where you'll find balanced, fearless and independent journalism.

So, what is the toughest thing that *BlueNotes* has written about ANZ? Managing Editor Andrew Cornell says, 'I've done a couple of columns on whether banks make too much money and whether bankers are paid too much.' Even though ANZ was grouped together with other financial institutions and not directly criticised, it prompted an internal discussion about whether *BlueNotes* should 'open up this can of worms'. Cornell says he responded by saying, 'You set this up because you wanted it to be independent. Ultimately there is greater brand value in being perceived as being independent.' He adds that the publication can't ignore reality because everyone is talking about how rich bankers are:

It's a debate that everyone has, we would be stupid to think that it doesn't exist, so it's actually in our interest to be self-critical in that way.

It's easy for the traditional media to dismiss the new branded newsrooms as hopelessly compromised, but in truth all commercial media is compromised to some degree. For example, News Corp newspapers failed to adequately cover the phone hacking scandal in the United Kingdom, despite it being one of the most appalling cases of corrupt media practice in living memory. The reason was obvious — because to do so would trash the News Corp brand.

Many traditional media outlets are also shameless about promoting other aspects of their business. Pinkney says media companies often produce self-promotional material that is, in fact, native content:

You look at the News Corp mastheads, where the page two lead is ‘Summer festival of viewing for Aussies’ — Australians are set for a bounty of American sitcoms and new series, and then it turns out it’s all on bloody Foxtel. And, of course, they own Foxtel. So here’s this marketing disguised as news and that looks to me again as evil as native. And Fairfax do it with Domain ... they create news which drives people into their money-making businesses.

There is also content that Pinkney refers to as ‘really evil native’. It’s the stuff that appears in the mainstream news media and fails to disclose its sponsor adequately and masks its commercial agenda. Pinkney is appalled by

... the number of surveys that you see reported in newspapers and other media saying ‘this amazing finding that nine out of ten couples do X’ and you finally get to the bottom of it and it says ‘the research is conducted by Ansell Industries’ or whatever the product is.

It appears that newspapers are increasingly relying on this sort of content for the pages that were once filled by in-house reporters writing proper journalism. The dynamics have changed. The reporters have been laid off and editorial standards have fallen accordingly. As Pinkney points out:

News organisations love this sort of stuff and they don’t actually declare high up that this is a survey which is probably bullshit because this company was producing a result that they wanted to produce. So that’s native and that’s really evil native, because that’s not called out anywhere.

But often companies are keen for readers to know that they are consuming promotional material and that their company is behind it. As Gome says:

We are happy for people to know that *BlueNotes* is there to help advance ANZ’s reputation; we’re very clear about its purpose and we want people to know

it's associated with us. And so, for us, if we did want to do native advertising, we would absolutely want a very clear label that everybody understood.

As these forms of content creation become more ubiquitous, we're all going to have to get better at living with them. As Rakhil Ebeli, the CEO of the content marketing agency NewsModo says, 'I think if you looked at the industry as a whole globally, then the genie's already out of the bottle, the horse has bolted.' Ebeli, who specialises in putting corporations in touch with journalists to create journalism and marketing content, says:

There are opportunities now for freelance journalists that didn't exist five years ago. And to tell a freelance journalist that they can't work in branded content space because it's immoral or goes against the editorial restrictions of the ABC, or whoever, is just ludicrous because it's like telling a photographer that they can't work in digital photography because they specialised in film. Times have changed and the landscape of opportunity has changed.

Ebeli says journalists can now apply their developed 'editorial lens or skill-set' and their knowledge of the craft of journalism to create marketing content for corporate clients:

Their client might chop and change five times in a week, and that's the beauty of this space now, that there are so many brands looking to engage great journalists to create stories.

For Emily Wilson, this is a not a nice thought. She says she would have been hesitant to employ a reporter at *The Guardian* who is working part time somewhere else to produce branded content for a corporation:

If it's about would I employ someone who came from a branded space where they were doing stuff that wasn't editorially independent outside that brand, then I definitely would worry about that and I would agonise over someone moving between the worlds and what did that mean. I think that is very complicated.

But, as Gome says, this is the new reality and journalists are going to be moving in and out of these different worlds in order to find work: 'In a life of a journalist now they'll do all sorts of things.' She believes that journalists are particularly good at adapting to different cultures and can quickly transition from straight journalism to branded content creation:

I've been in all sorts of places. I've hired great journalists from trade mags or branded content. As soon as they walk in, the culture is so strong, they've had no trouble very quickly adapting. So I think it's actually quite good, the moving around, so they understand the audience requirements.

Should mainstream media outlets, particularly those now facing competition from branded newsrooms, fear for their own survival? Are the new corporate entities trying to drive them out of business? The answer, according to Pinkney, is an emphatic no:

The marketers at the AFL would say that it was a disaster if Fairfax and News went out of business because they've got representatives in every state and, whenever they cover football, that's a good thing for football. So the ultimate motivation, I think, is that the AFL saw all of this value which was being attributed to their game through masterheads that made enormous amounts of money in advertising and marketing and copy sales by talking about this sport. So the AFL thought, 'Well, it's our sport. Why shouldn't we make some money out of that as well?'

Gome agrees: 'We're not out to replace. We actually are huge supporters of journalism.'

The whole enterprise begins to sound almost virtuous in the case of AFL Media because the profits generated by the production of content are returned to the game. As Pinkney says: 'No one ever believes me, but the AFL is a not-for-profit, and the money that it earns from its various broadcast deals and so on, all goes back into the game.'

So, as promised, this is a fascinating, vexed and evolving topic, which will continue to challenge the way most mainstream commercial news media is funded. But it's more than that. It's about the very soul of journalism too. It asks us to pause and question what independence is, and whether it matters, and to what extent the news media exploits the same public it seeks to serve. It's increasingly clear that media consumers (that's all of us) shouldn't rely on regulators to rein all this in. Watchdogs like the Australian Press Council are locked in a perpetual game of catch-up with new generations of ingenious and devious marketers. And, in any case, we kinda, sorta need those ad men to run amok for a while, because we desperately need them to succeed in order to ensure our news media prospers. The question that's most troubling is what we'll lose along the way?

Endnotes

- 1 Australian Press Council, Adjudication number 1548, 4 September 2012, retrieved from <http://www.presscouncil.org.au/document-search/adj-1548/>
- 2 Nicabate, 'Five effortless ways to shake up your life', *The Sydney Morning Herald*, 19 January 2015, retrieved from <http://www.smh.com.au/lifestyle/life/five-effortless-ways-to-shake-up-your-life-in-2015-20150118-12sokl.html>