BUSINESS OF DISINFORMATION: STAKEHOLDER PERSPECTIVES AND WAY FORWARD

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INTRODUCTION

The spread of disinformation is currently one of the most pressing security and political challenges. The rapid dissemination of manipulations, conspiracy theories and hoaxes in the information space fuels social polarization, diminishes trust in public institutions and obscures political debate, which is a backbone of a functioning democracy. Authoritarian regimes, such as Russia or China have used disinformation as a tool for weakening the Western democracies. Apart from this external challenge, entrepreneurs, ready to capitalize on spreading fear and hatred in the online space, likewise fuel this threat.

Researchers from the Prague Security Studies Institute mapped the Czech ecosystem of these "fear entrepreneurs" in a study entitled "Disinformation as a business", published in March 2020.[1] In their subsequent research, summarized in this report, the researchers focused on stakeholder attitudes vis-á-vis digital advertising on disinformation websites. These stakeholders were namely media agencies' employees, PR experts and activists. Based on approximately 20 interviews PSSI identified the causes of advertising on

disinformation sites, and mapped and evaluated existing solutions and recommended steps that can be undertaken to overcome this challenge. The authors would like to thank and acknowledge all the people who were willing to openly and constructively discuss the issue and support this analysis. Without their valuable contributions and insights, this project would not have been realized. We would especially like to recognize Professor Denisa Hejlova from the Department of Social Sciences at Charles University. Her remarks helped make the paper engaging and readable.

The text is subdivided into three sections. The first part accounts for the modus operandi of "fear entrepreneurs" in the Czech Republic and outlines the mechanism of online advertising that allows them to profit. Subsequently, the paper introduces some of the existing civil society initiatives that respond to this challenge, evaluating their successes and limitations. The third and final section summarizes insights from interviews conducted during the study, and the authors formulate several recommendations that would improve the status quo.

"FEAR ENTREPRENEURS" AND DIGITAL ADVERTISING

For the last two decades, the opaque and unregulated nature of the information space has enabled the creation of numerous websites that focus on specific themes and target particular audiences. Unfortunately, this opportunity has not been pursued not only by non-governmental organizations, leisure clubs or private companies, but also by conspiracy theorists. Owing to the proliferation of the internet and social media, they have not only been able not only to connect with like-minded individuals but also to reach wider audiences. There are a few dozen sites spreading conspiracy theories, extremist propaganda, hate speech and fear which have secured a long-term presence in the Czech information space. In some cases, these sites have become vehicles for foreign influence, namely for Russia[2], and in some instances, there were discernible attempts at influencing Czech political developments.[3] However, the impact of this type of media on the Czech public discourse is rather limited – according to sociological research, only 10–20% of respondents[4] are acquainted with their contents. Moreover, these sites are confined to the fringes of the Czech Facebook environment.[5] Nevertheless, these sites should not be underestimated. They contribute to the radicalization of certain social groups, which, under their influence, can commit violent acts.[6]

Albeit some of the administrators of these sites are undoubtedly motivated by their ideological beliefs, their financial incentives should also be considered. It is the most visited, and thus most influential, sites that receive non-negligible profits from digital advertising. The authors of this paper estimate that Czech websites included in the list of platforms with problematic content created by Slovak organization Konspiratori.sk, earn approximately 190,000 CZK monthly through online advertising (the majority of this sum goes to the top-10 most visited websites).[7] Globally, according to

a study by the Global Disinformation Index, a non-for-profit organization based in the United Kingdom, around 20,000 disinformation websites generate an estimated 213 million euros annually in revenues solely from online advertising. Compared to the overall earnings of the digital advertising market it is undeniably a negligible sum. However, launching and administering a website with conspiracy theories can still be a profitable enterprise. This is especially true when profits from online advertising are combined with other sources of revenue, such as contributions from the reader base or e-commerce platform.

Fear entrepreneurs are aided by the status quo of advertising in the digital marketplace. Owing to the increasing number of data on specific internet users, digital ads can be targeted to very narrowly defined user groups interested in a given product. The advertisers are thus not concerned where their ads are displayed, but rather to whom. This means that via automated online auctions, advertising space is bought on random websites visited by a given internet user so that the advertiser's chance of reaching a potential customer is maximized.

However, this mechanism has several drawbacks. This audience-oriented approach leads to the loss of control over the context within which the ads are displayed. This sometimes leads to rather absurd situations, such as when an advert for a data goody bag from a mobile phone provider is displayed right next to an article claiming that 5G networks are here to exterminate the entire human population[8], or a mortgage offer next to an article about the approaching end of the world.[9] The public can associate the product or brand with that website exposing the company to a reputational risk.

In the case of advertising on websites spreading disinformation, there might be a direct conflict with other PR activities of the brand, especially

1   „Dezinformace jako byznys", Prague Security Studies Institute (https://www.pssi.cz/download//docs/8207_751-dezinformace-jako-byznys.pdf)

2   „Výroční zpráva Bezpečnostní informační služby za rok 2018", Bezpečnostní informační služba (https://www.bis.cz/public/site/bis.cz/content/vyrocni-zpravy/2018-vz-cz.pdf.pdf)

3   „Okamura versus Aeronet. Jejich vztah ochladl po vyloučení poslance Volného z SPD", ČT24 (https://ct24.ceskatelevize.cz/media/2774528-okamura-versus-aeronet-jejich-vztah-ochladl-po-vylouceni-poslance-volneho-z-spd)

4   „Výzkum veřejného mínění k problematice dezinformací", Ministerstvo vnitra České republiky (https://www.mvcr.cz/cthh/clanek/vyzkum-verejneho-mineni-k-problematice-dezinformaci.aspx)

5   „Visualising influence: Information bubbles and ideological proximities on Czech, Hungarian and Slovak Facebook", Prague Security Studies Institute (https://www.pssi.cz/download//docs/8287_study-visualising-influence.pdf)

6   „Balda spáchal teroristický čin. Nejvyšší soud odmítl skutek překvalifikovat", ČT24 (https://ct24.ceskatelevize.cz/domaci/3007673-ani-nejvyssi-soud-nezbavil-seniora-baldu-trestu-za-terorismus)

7   The authors consulted their calculations with experts in the field of digital advertising, who confirmed their estimates.

8   Twitter Fair Advertising (https://twitter.com/AdvertiseFAIR/status/1203627180598743042)

9   Twitter Fair Advertising (https://twitter.com/AdvertiseFAIR/status/1183073809890512898)

for companies building their image as socially responsible. A related issue is the inability of private companies to determine exactly whom they pay for advertising. This is because advertising platforms (such as Google) are left with only a fraction of the money, and the rest goes to the site where the ad is displayed. The automated and confusing world of the Internet allows these "fear entrepreneurs" to relatively easily collect advertising revenue and continue to create content that often runs counter to the values or PR strategies of companies.

EXISTING INITIATIVES

Since brand protection and caring for brand reputation are key tasks of marketers, they have to respond to the shortcomings associated with online advertising. Many companies are already restricting their ads from appearing on disinformation sites even though they often do not publicly report it. Civic initiatives have played an important role in this process, helping define sites with problematic content and convincing advertisers to address this issue. This section presents select foreign and Czech organizations dedicated to education in the field of advertising on websites disseminating disinformation. Furthermore, it outlines key observations that arise from their experience with solving this issue.

The Sleeping Giants initiative was formed in response to the 2016 US presidential elections, which were accompanied by a spike in misinformation and conspiracy theories. Using screenshots, Sleeping Giants alerts companies on Twitter that their ads appeared alongside problematic content. The main target of the activists was the infamous conspiracy website Breitbart News. The Sleeping Giants' efforts have been largely successful, as the site has lost an estimated 90% of its advertising revenue over the course of several months following the launch of the initiative.[10] This case shows that advertisers' decisions have a major impact on the operation of online platforms. Of course, Breitbart News did not like this situation and announced a campaign against the companies that withdrew their advertising from it (the most important of which was the food company Kellogg's). However, as in several other cases, Breitbart's defamation campaign did not impact the company's profits. On the contrary, the opposite effect occurred, and a number of pundits on Internet fora and social networks evaluated this step positively.[11] Therefore, it can be concluded that there is no need to overestimate the influence of conspirators on the consumption habits of their readers.

In the United Kingdom, **Stop Funding Hate** was formed in 2016, focusing not only on disinformation sites, but also criticizing the hateful rhetoric of The Sun and The Daily Mail, major British tabloids. The approach of this initiative illustrates that the problem of ethical advertising in the online space is complex, and its solution is not only blocking advertising on several peripheral platforms. On the contrary, a responsible advertiser must approach this issue from a wider perspective and think not only about the platforms on which he does not want to advertise, but also about the contexts in which his advertisement should not appear. The Stop Funding Hate initiative has become a member of the **Conscious Advertising Network**, a consortium founded in 2019 that brings together major players in the British advertising market.

Also in the United Kingdom, the **Global Disinformation Index** was established in 2018 to assess the credibility of online platforms around the world, and to lead the global debate on ethical advertising with both marketers and their clients. This approach is essential, as international companies in particular advertise in more than one country, and cannot necessarily rely on a trustworthy and competent local partner to identify problematic platforms. Likewise, the dominant advertising provider – the Google Ads platform – is global in nature, so it is paramount to determine a unified approach for advertisers, regardless of the country of their operation.

Since an advertisement can appear right next to problematic content not only on specific websites, but also on social networks, where oversight and due diligence are more complicated, the initiative **Stop Hate for Profit** responded to the challenge. Although the goals of this organization are less nuanced and are aimed at changing the functioning of Facebook more broadly, its arguments also point out the problems that advertisers who make an effort to comply with ethical standards are faced with. One of the main disadvantages of online advertising – the limited ability to control the context in which the advert appears – is even more pronounced on social media. This is precisely due to the personalized nature of social networks.

In the Czech environment, the issue of advertising on disinformation websites has also been quite prominent in the public discourse. Active civil society also played a role, having been the first to address the issue. To cite a few actors, the activities of the European Values Centre for Security Policy[12] or the Open Society Foundation Prague[13] were of paramount importance. But despite their considerable efforts, these institutions failed to establish a permanent presence for this topic in the Czech PR community. Fortunately, its absence within the PR community was to some extent absolved by the Slovak project **Konspiratori.sk**, which since 2016 has been mapping websites with controversial content not only in Slovakia, but also in the Czech Republic. The list and evaluation of websites is completed by an expert commission composed of authorities with various specializations. The role of this initiative is key to curbing advertising on problematic sites, because there is always a need for someone to define which sites are actually problematic. The transparency and precision of this definition also determines the possible success or failure of an effort to convince an advertiser to adjust their advertising settings.

The **NELEŽ** initiative, founded in 2020, kickstarted a dialogue directly with Czech companies[14]. At the time of writing, more than sixty companies and 13 PR agencies have publicly committed to modifying their advertising strategies to meet ethical advertising standards. The key to the operation of this initiative is the involvement of people with experience in marketing. As a result, NELEŽ can also provide private companies with practical recommendations to limit advertising on problematic sites using mechanisms the firms already employ for advertising. The possibility of not only alerting a given company to the fact that it advertises on a disinformation website, but also of providing a simple, quick and cheap solution greatly increases the chance that a company chooses to address this issue.

The **Fair Advertising** initiative has been drawing the attention of companies to the fact that their advertising appears on problematic websites since 2019. The initiative deploys the proven tactics of screenshotting advertisements that appear next to conspiracy, manipulative or hate articles. In more than a year since its inception, the initiative has reached approximately 400 companies. Only one-sixth of them responded, which shows that the Czech business community still does not consider this issue important. Another crucial finding of the Fair Advertising team is that due to the imperfect functioning of digital advertising systems, websites that spread misinformation can still sometimes display ads from companies that try to solve this problem and use mechanisms to blacklist these sites when setting up their advertising preferences. It is therefore essential not to rely on current technological solutions in tackling the issue, but to try to improve the system so that these mistakes are completely eliminated.

The work of the above-mentioned projects and initiatives is important not only for the purpose of cultivating the online space, but also in helping business and PR experts to prepare for regulations that are likely to be implemented from above. At the European Union level, at least two directives are already being prepared – the **European Democracy Action Plan** and the **Digital Service Act** – which will inter-alia address the area of advertising on problematic websites. At the time of this writing, their content is not yet known, so it is impossible to predict exactly what advertisers will have to commit to. In any case, in interviews which our researchers undertook, marketing experts raised concerns about the EU institutions trying to delegate responsibility for limiting the funding for disinformation websites from online advertising to media agencies. It is therefore in the best interests of the advertisers and marketing community to proactively design and implement effective solutions.

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[10] „Whatever happened to Breitbart? The insurgent star of the right is in a long, slow fade", Washington Post (https://www.washingtonpost.com/lifestyle/style/whatever-happened-to-breitbart-the-insurgent-star-of-the-right-is-in-a-long-slow-fade/2019/07/02/c8f501a2-9cde-11e9-85d6-5211733f92c7_story.html)

[11] „Jak odříznout dezinformátory. Kontroverzní web Breitbart přišel o většinu reklamy", Hlídací pes (https://hlidacipes.org/z-penez-vasi-firmy-nemusi-zit-dezinformatori-kontroverzni-web-breitbart-prisel-o-vetsinu-reklamy/)

[12] „Reklama na českých dezinformačních webech", Bezpečnostní centrum Evropské hodnoty (https://www.evropskehodnoty.cz/vyzkum/reklama-na-de zinfo/)

[13] „Reklamy na dezinformačních webech? Výdělek pro lidi, kteří produkují nesmysly, říká Pudilová", Aktuálně (https://video.aktualne.cz/dvtv/reklamy-na-dezinformacnich-webech-vydelek-pro-lidi-kteri-pro/r~193db57e97b811e7b4dc0025900fea04/)

[14] At determining which sites are to be labelled problematic, NELEŽ uses the intersection of a list provided by Konspiratori.sk, media quality ranking by Foundation for Independent Journalism, and an analysis of data done by a private company Semantic Visions

CURRENT SITUATION

Given that the fact that those who spread disinformation profit from online advertising is well established, and there are initiatives that address this issue, the question of why companies are not paying enough attention to it arises. Answering this question was one of the key tasks of the interviews that the authors conducted with almost twenty experts in the field. According to the vast majority of them, the main reason is ignorance. Not only ignorance of the issue of disinformation as such, but a relatively low awareness of the functioning of advertising in the online space in general. Especially in smaller companies, where only a few individuals deal with the extensive area of marketing, there is not enough capacity to think about issues as specific as the restriction of advertising on problematic websites. It is therefore a common practice to delegate all responsibility for advertising to a media agency.

However, this does not mean that companies are not interested in solving the issue. On the contrary, the interviews showed that if advertisers were acquainted with the problem of advertising on disinformation sites they would respond positively (however, as some of the approached activists conceded, this requires a lot of effort, as it is not easy to contact people who are willing to listen and subsequently able to act accordingly). For multinational companies, the adoption of best practices, primarily from Western Europe, plays an important role, where systematic brand care is a more established endeavor.

Companies that have refused to address the issue of advertising on conspiracy sites have often cited the fear of limiting the desired effect of adverts, accusations of censorship, and excessive politicization of the disinformation debate as primary reasons for inaction. However, the argument of reducing the impact of an advert can easily be refuted, because in an online environment, an advert's delivery is governed by the profile of the target group and not the platform. In other words, a potential customer may not see the advert on a disinformation site, but exactly the same advert will appear when he/she moves to another platform. Concerns about entering a thorny area of politics and freedom of speech show that this issue needs to be addressed in the context that is familiar to companies and do not raise concerns about politization (e.g. brand safety or social responsibility etc.). Even so, many companies are afraid to opt out of non-advertising on disinformation websites. However, in light of the limited influence of disinformation websites on the consumption patterns of their readers illustrated in the previous chapter, this concern seems unjustified. In addition, the reluctance on behalf of the advertisers to share their experiences hinders the intensification of the debate on the ethics of online advertising in the Czech business community. Without it, however, you can hardly expect a change in the current situation. Because at the end of the day, the decisive word in the debate on advertising on disinformation sites will be by those who pay for it.

Media agencies are, to some extent, already expected to take care not only of the technical functioning of online advertising, but also to protect the brand image of a given client. However, this is often an unspoken request that only becomes apparent when a problem occurs. And since companies do not monitor where their advertisement appears, many problematic cases may not come to light at all. Agencies are not motivated to pay closer attention to caring for the image of the entrusted brand, also due to the fact that this area is not taken into account when evaluating marketing campaigns. The experts, whom the researchers interviewed, generally agreed that the Czech marketing environment lacks an effective methodology for measuring the impact of advertising campaigns on brand reputation, and the metrics which are used mostly relate to technical data, such as the number of displays per advert and whether the campaign targeted the audience. However, if clients required this kind of brand reputation assessment, it could be argued that media agencies would be forced to pursue ethical advertising standards.

In the status quo, however, there is not much discussion about brand protection among media agencies, which leads to significant discrepancies in their approach towards the issue. And even for agencies that take this topic seriously, they have a rather passive approach, relying primarily on the technological settings in the relevant advertising software. This is not an adequate solution, as technical measures are not sufficiently reliable and the dynamic nature of the information environment causes frequent emergence of new websites spreading disinformation, often making the settings obsolete. It is therefore necessary for media agencies to assume a proactive approach in this area – they need to be aware of the latest trends and should communicate with researchers and experts on this topic.

RECOMMENDATIONS ON THE WAY FORWARD

Several steps are required for advertisers and media agencies to address the issue of advertising on websites that spread disinformation and the ethics of online advertising in general:

- A trusted entity should be established that would communicate the issue with the community of advertising experts. Although there is already the NELEŽ initiative, which partially fulfills this function, its capacities are limited. People behind this project should receive wider support from marketing associations and private companies. An informal forum for various actors in the field of marketing, such as the Professional Communication Platform, is a suitable environment for this dialogue. However, it may be more effective if there was a group of people, funded by the marketing community, that would address this topic fully and systematically.

- Only systematic and long-term action can attract the attention of the advertising community. Such attention would ensure that adherence to ethical advertising standards in the online space becomes a regular topic at conferences, round tables and other fora where people from the advertising community meet. It is necessary not only to raise the topic, however, but also to create an environment in which participants are not afraid to express themselves openly and reflect on their own failures and negative experiences. Unfortunately, at least according to some of the respondents, an exchange of ideas and open communication is absent from the Czech marketing environment. Hence, apart from just laying the groundwork for discussing ethical advertising, there is a more pressing need to cultivate a frank debate in the marketing community.

- A frank exchange of views will establish the practice of ethical advertising in online space and curtail advertising on disinformation websites. It will become both part of the established practice and the written code that media agencies are required to follow. Today's unspoken demands of advertisers for proper care for the brand's reputation will become an unequivocal and binding part of a legal contract with the advertising agency, and ideally one of the main criteria according to which the company will choose the agency that will represent its brand.

- In addition to the codification of the principles of ethical advertising, it is also necessary that the marketing community fully internalises them. Apart from the debates in professional fora, additional education can also contribute to this process, which should start at universities preparing future marketers and accompany them in the form of courses and training throughout their careers.

CONCLUSION

The Internet transformed the information environment. States, societies, and private companies are still looking for ways to respond to this tectonic shift of information flows. In the field of marketing, this development has brought about unexpected opportunities thanks to which companies can more easily communicate with their potential customers. In exchange for this benefit, however, they had to, to a certain extent, relinquish control over exactly where their advertisements appear, leading to a potentially negative impact on the brand's reputation, and undermining its efforts to build the reputation through projects implemented in the name of social responsibility. This damage to the brand's reputation, caused by "supporting" the spread of lies and hatred, can happen relatively easily in the world of an automated auction-based online advertising.

Unfortunately, awareness of this problem is still relatively low among advertisers and the marketing community. Since it is not a priority, it is not sufficiently discussed in the relevant fora and is only addressed in a fragmented manner. Though civil society has been able to offer cheap and effective measures and has been trying to draw attention to the issue for some time, improvements have only been incremental. It does not mean that there are no media agencies or companies that try to limit advertising on disinformation websites. However, there are still not enough of them to make this principle an integral part of the codes of practice for the marketing agencies, the informal practices of people in the marketing community or contracts between the advertiser and the agency. In order to improve the situation, it is of paramount importance to support the current awareness-raising initiatives. Furthermore, it is essential that advertisers exert greater pressure on marketing agencies, and create an environment for transparent and free debate about ethical advertising.

Companies, marketing agencies and PR experts should be motivated not only by goodwill, but also by pragmatic considerations. Sooner or later, at the national or European level, there will be increased pressure to limit advertising on portals that spread lies, hatred and deepen social polarization. Likewise, in the near future, customers are likely to place greater ethical demands on the companies whose products they purchase. And the same standards for evaluating whether a company is worthy, will be applied by young, talented people looking for jobs. Taking care of brand reputation will become an even more important topic in the future than it is today. Companies and media agencies can only benefit from making an effort to tackle this challenge – both in terms of their reputation and their finances.