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TRENDS IN THE BUSINESS OF MISINFORMATION IN SIX EASTERN EUROPEAN COUNTRIES: AN OVERVIEW

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INTRODUCTION

The Business of Misinformation project set out to map the misinformation business in six Central and Eastern European countries: Bosnia & Herzegovina, Hungary, Moldova, Romania, Serbia, and Slovakia. The goal was to identify the individuals and businesses that own non-mainstream, local misinformation websites and their links to institutions, parties and other individuals. The reports offer an overview and typology of the most prominent misinformation websites in these countries. The authors of the country reports faced significant difficulties in identifying website owners, and even more so in gaining insights into the finances of the businesses running these websites.

All six reports find that misinformation is prevalent, yet the channels used for distribution of such content are somewhat different. The misinformation landscape in Serbia, for example, is dominated by mainstream media outlets. Small misinformation websites simply cannot compete with “misinformation giants” like the tabloid newspaper Blic. In Bosnia & Herzegovina, mainstream media are also the main sources of misinformation. Among the alternative sources of misinformation, the most common are “anonymous, for-profit websites offering no true journalistic value.” The mainstream media in Hungary are also known as propaganda and misinformation channels. In addition to them, however, the Hungarian report uncovered large independent networks of misinformation websites. In Slovakia, misinformation websites are run by “multiple independent entities” whereas in Moldova, misinformation is spread through mainstream media and, distinctively, through Russian misinformation websites.

Of all six countries, Moldova stands out as a multilingual environment where foreign misinformation websites are competing with local players. The Moldovan media serves a population of roughly three million people most of whom speak both Romanian and Russian. Because of the small size of the market and the powerful competition from abroad, local misinformation websites in Moldova are hardly profitable. A similar situation is found in Serbia, but there, however, it is local competition that arguably undermines the financial viability of small independent misinformation websites.[*1*]

[1] In Hungary, journalists also claim that the mainstream media entered the misinformation trade, putting many of the independent misinformation websites out of business.

WHO FUNDS MISINFORMATION?

Except for the Moldovan report, all country studies created a typology of the local misinformation sites. The Slovak report groups the websites according to their thematic focus[*2*] whereas the Romanian and Hungarian reports differentiate them according to their purported or putative goal: “money spinners vs true believers,” as the Romanian report put it. The Hungarian report also includes a middle-of-the-road category between the two extremes, namely websites that seem to serve an ideological goal, but that also aim to make money. The Bosnian and Serbian reports approach the issue from a different perspective, introducing in the discussion the concept of “real journalism,” which one would expect to correspond to mainstream media. These two reports also introduce a thematic distinction between “general” misinformation websites and political propaganda sites.[*3*]

Advertising appears to be one of the primary sources of revenue for most misinformation websites. “Without online advertising these media outlets would not be able to survive for one day” in Romania. Except for Serbia, misinformation websites heavily rely on Google’s advertising sales platform. The Serbian report, because of its focus on the propagandistic mainstream media channels, finds that websites tend to sell ads directly; there are such examples also in Slovakia and Hungary; yet, across the board, Google appears to be the dominant ad intermediary.

Price of ads on misinformation websites, 2019

Avaz.ba	Karpathir.com	Srbijadanas.com	Hlavnespravy.sk
Bosnia & Herzegovina	Hungary	Serbia	Slovakia
€150-€255 per day	€35-€107 per month	€15-€80 per day	€900-€1,000 per 100,000 views

Note: The figures refer to banner ad prices
Source: CMDS

Advertising is such a major source of cash for misinformation channels that in Romania and Hungary, some of these websites are difficult to navigate due to the overabundance of ads. In Hungary, in many cases, “the content is created only as a vehicle to display ads.” In Slovakia, 27 of the 49 analyzed websites display ads. Yet, following lobbying by Konspiratori.sk, an NGO that brings together the country’s main publishers, advertisers were dissuaded from spending money on misinformation websites, which led to a decline in the ad revenue of these websites: Advertisers have reportedly scrapped over 17,000 ad campaigns that were planned for misinformation websites. In Bosnia & Herzegovina, the lack of access to Google-contracted advertising revenue is the reason why misinformation websites appear and disappear at a fast rate.

[2] The category of “blogs” though seems to be different from the rest (health and lifestyle; ideology; news-focused; Christianity-related; and paranormal).
[3] Yet, it appears that the category of “For-profit misinformation websites without real journalism” in the reports would correspond to the “money spinners” group from other reports.

Misinformation websites in Slovakia more typically use other forms of fundraising, including e-commerce, crowdfunding and tax designations. A total of 10 out of the 49 analyzed websites in Slovakia raised funding from tax designations[*4*]; 16 of them sell goods and services; and 15 finance themselves at least partly through crowdfunding. Several cases of false news websites doing crowdfunding and one website asking for tax designations were also identified in Romania. In one case, a misinformation website in Romania serves as a "mouthpiece" for its owner's other business, a shop in Bucharest. There are also in Hungary cases of misinformation websites trying to raise funds, not successfully though, through crowdfunding and sales of goods and services.

In Serbia, a main source of income for some of the misinformation websites, particularly mainstream media companies, is the state budget. Informer.rs and Srpski Telegraf were awarded a combined RSD 52.5m (€450,000) of public money "for media projects of public importance." Another major media player in Serbia, Pink Media Group, owner of Pink.rs, received a total of RSD 1.28bn (€11m) in loans from the State Agency for Ensuring and Financing Export (AOFI).[*5*] State funding is a key source of cash for media outlets in other countries, too, particularly Hungary, but only the reports on Serbia and Bosnia & Herzegovina included mainstream media outlets in their sample. (*See more in Towards a New Methodology to Track Misinformation Players in this report*)

In Slovakia, where financial data of misinformation websites are most easily found, revenues from tax designation pulled in by 10 of the most prominent misinformation platforms averaged €36,437 a year in the period 2016-2018. The most popular false news site, Zemavek.sk earned from tax designations an average of €12,717 a year. Zemavek.sk generated total revenue of €430,871 in the latest fiscal year, followed by Extraplus.sk's €133,196 and Nemesis.sk's €9,453. Zemavek.sk also relied, albeit to a lesser extent, on crowdfunding, which generated €6,562 for the website in the last fiscal year for which data are available. The most successful website to generate revenue this way, Slobodnyvysielac.sk, had sales of nearly €100,000 in 2018.

The annual ad revenue generated by Czech and Slovak misinformation websites combined was estimated at €930,000-€1.27m before the Konspiratori.sk launched the campaign to discourage advertisers from spending on such websites. All in all, the company that runs Zemavek.sk is the most profitable misinformation website in Slovakia. It was followed by the owner of Hlavnespravy.sk, which earned €153,965, and Extraplus.sk with €133,196 in the latest year for which data are available.

In Moldova, the owner of a now defunct network of misinformation websites said that he netted €200 a month at the most in 2017. In Romania, the owner of Active News, a company that runs such websites, posted a net profit of €31,000 in 2018 but it also incurred debts of €6,800.

In Serbia, Pink International reported an operating profit of €10.2m in 2018. Yet, the company owns not only the misinformation website Pink.rs, but also a nationwide television channel, 60 cable channels and two satellite channels. The profit was generated by all of the group's outlets jointly, including the misinformation business.[*6*]

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[4] These tax designations are part of the income tax that citizens can use to fund NGOs, according to local legislation allowing such designations as a way to support civil society organizations.
[5] The report on Bosnia & Herzegovina in the Business of Misinformation series notes that Simurg Media, the parent company of two misinformation-laden publications, Faktor.ba and Stav.ba was granted around BAM 30,000 (approx. €15,000) from the state budget for various projects. The report discusses this as evidence of the company's close ties to government politicians.
[6] This kind of situation presented problems in the Hungarian report as it is sometimes unclear, based only on the financial statement, how much of the revenue was generated through the misinformation website and how much through the entity's other activities.

Misinformation businesses: key sources of funding

	Country	Ads	Crowdfunding	E-commerce	Tax designations	Public funding
Stav.ba	Bosnia & Herzegovina	✓				✓
Tv2-friss.com	Hungary	✓				
Add-news-ro.info	Moldova	✓				
Activenews.ro	Romania	✓	✓			
Srbijadanas.com	Serbia	✓				✓
Zemavek.sk	Slovakia		✓	✓	✓	

Source: CMDS research

Networks and Connections

One main trend in the misinformation business is the fast Uniform Resources Locator (URL) recycling. In Bosnia & Herzegovina, misinformation websites tend to disappear and reappear shortly at different URLs. That happens because the owners of these websites need to "repurpose" them once they are blacklisted by Google's ad sales system, being thus prevented from generating revenue. As soon as Google finds out that these websites spread misinformation to generate clicks, it stops serving ads to them. In Hungary as well, misinformation websites appear and disappear at a fast pace, but some of them do that as they are also threatened with legal action.[*7*]

In Romania, Moldova, Bosnia & Herzegovina and Hungary, misinformation websites often operate through networks or are run by a single person or entity that owns a large number of misinformation websites. In Romania, 16 of the 50 sampled websites are part of a network whereas, in Moldova, two networks, one (now defunct) consisting of ten websites, and another one consisting of five websites publishing in Russian and Romanian, have been identified.

In Bosnia & Herzegovina, a total of 46 misinformation websites were found be connected to one individual whereas in Hungary, two large and several small networks of false news websites were detected. Most misinformation websites have at least a couple of "sister sites." By operating in networks, misinformation platforms reach a larger audience and generate more revenue than standalone websites.[*8*]

[7] For example, websites that pretend to be the official websites of established media outlets such as Blikkruzs.me, impersonating the women's tabloid site Blikk Rúzs, or tv2-friss.com whose URL mimics TV2's URL may be at risk of shutting down at the request of the original media outlets. Additionally, some websites have been threatened by celebrities with legal action for defamation.
[8] It must be noted that republishing articles without attribution from any website (not just from websites within the network of misinformation websites) is also a common practice in Hungary.

Key networks of misinformation websites

Hungary	Romania	Moldova	Bosnia & Herzegovina
"The impostor group": at least 12 websites usually mimicking the URL of established media outlets	Cyd network: 10 websites focusing on current affairs	Corneliu Ababii's network (now defunct): 10 websites featuring political attacks, gruesome accidents, natural disasters	Aldin Širanović' network: at one point, 46 for-profit misinformation websites
"The political group": at least 15 websites linked to a group of small political parties, earlier accused of financial fraud	Cocoon network: four websites publishing on a mishmash of topics	"Add-news" network: five websites publishing in Russian and Romanian	

Source: CMDS research

Some of the misinformation websites in Bosnia & Herzegovina, Hungary and Moldova can be traced to former or current politicians. A leader of a 2014 unrest in Bosnia & Herzegovina was running at some point a total of 46 misinformation websites; the owner of a propaganda website was appointed Bosnia & Herzegovina's ambassador to the U.S. and later to the Czech Republic (although the appointment was eventually withdrawn). In Hungary, some hyper-partisan websites are run by current or former party functionaries; the misinformation network with the highest outreach is connected to a network of political organizations that have been accused of financial fraud in the 2014 and 2018 elections. In Moldova, a former MP was involved in operating a misinformation website. In Serbia and Bosnia & Herzegovina, owners of misinformation websites (many of which are mainstream media) have numerous political connections.

Facebook is the primary source of traffic for most of the misinformation websites, according to existing data. In Bosnia & Herzegovina and Hungary, the domain names of many misinformation websites seem to be constantly changing, but their Facebook community appears to remain stable. It is, in fact, the Facebook page that keeps directing traffic to the misinformation websites that continuously change their URLs. Moreover, the Facebook community often doesn't have much in common with the misinformation website it is linked to. In Bosnia & Herzegovina, the Facebook pages of some misinformation platforms are originally created as celebrity fan pages, and then repurposed to promote misinformation websites. In Hungary, Facebook pages whose original purpose was to feature beautiful wood carvings or poetic texts about nostalgia have been repurposed to spread misinformation: a whole industry involving trade of Facebook groups and pages has emerged.

In Romania and Hungary, the misinformation networks often cross-post on Facebook to reach more people. Many of them recycle content as a strategy of maximizing return on investment. In Hungary, the continuous reposting of articles on Facebook may be one of the reasons why misinformation websites usually do not date their news pieces, covering instead "timeless" topics such as reincarnation or disease cures rather than current affairs.[9] In Hungary, many "articles" published on misinformation websites resemble Facebook posts, written in the first person singular and calling on readers to "like" or share.

[9] Yet, the report on Hungary also finds that misinformation websites also post seasonal articles sometimes. They are however, neither relevant current affairs or news pieces nor fit for the time of publication. It is not uncommon, for example, to find stories about Christmas decorations published in June. The report suggests that some kind of automation may be a reason for such misplaced content. The Moldovan report also identifies signs of automation (automated translation of content).

Takeaways: The Good, the Bad and the Ugly

The two constituencies that have most to learn from the Business of Misinformation pilot are policymakers and civil society organizations.

Take policymaking first. Attempts by governments to adopt legislation arguably aimed at combatting fake news, a growing trend across the world, are simply wrong and dangerous. While misinformation can have really bad consequences, especially when it promotes hate speech or outright violence, such legislation will only instill a chilling effect among journalists or silence critical voices. Misinformation channels always evade such legislation by reappearing in a new form or under a new name. Moreover, those websites that simply peddle innocent lies are not even worth such legal efforts.

Instead, tracking the ownership and funding of such websites can be used as a base for informed policies and adequate legal provisions that would help cut or limit the financial resources of these platforms.

Secondly, civil society organizations should learn from, replicate and support initiatives that have immediate effect on misinformation operations. The most convincing example in our sample of countries was Konspiratori.sk, an initiative of the Slovak publishing industry aimed at cataloguing misinformation websites, which prompted an impressive number of advertisers to stop channeling ad money to those websites. Two things are important about this model: one, it was driven by a group of affected organizations (in our case, the Slovak publishing industry that has been losing ad money to fake news websites); two, it was built as a public database of fake news websites (anybody being allowed to report misinformation websites) with a transparent cataloguing mechanism consisting of an independent board of experts openly deciding who’s included on the list and who’s not, and publicly explaining their decision.

Methodology Challenges

We have today a spate of definitions and typologies of misinformation. The number of studies that track the spread of false news across countries, communities and professions has been growing at a rapid pace. Hefty research resources are spent on attempts to assess the impact of misinformation on people's behaviors and attitudes. But an important piece of the puzzle is still missing: the structural foundation of the misinformation phenomenon; or, in simpler words, a map of who, how and why produces misinformation.

This is what the Business of Misinformation project is trying to achieve.

The project is unique in its combination of research and journalism used to unearth the ownership structures, sources of funding, and the external links and relations (with other individuals, institutions and companies) of the most prominent misinformation websites in a group of six countries that were part of the project's pilot phase.

With Bosnia & Herzegovina and Serbia in Western Balkans, Hungary, Slovakia and Romania in Central and Eastern Europe, and Moldova in the former Soviet Union, the country sample in the Business of Misinformation pilot phase delivered diversity and allowed comparative analysis.

As in other cross-national research projects, our most difficult task was to develop a methodology that is both fit for more country contexts and able to capture relevant local specificities. The methodology-building process was made even more complicated by the fast changes that the media and communications sector has been going through. That is why we used the pilot phase to test as many methodological approaches as possible. To achieve that, we gave country researchers total freedom to design their own definition, choose their own sources of data collection and build their own categorization criteria.

While this approach clearly affects the consistence of the country reports and reduces the scope for comparability, it has numerous benefits for the quality of methodology, turning the project into a living laboratory for methodological experimentation.

It is a worthwhile tradeoff.

Not only has the Business of Misinformation pilot generated a series of rich country reports and an insightful comparative overview, but it also provided us with a solid methodological foundation on which to expand the project in a more coherent way.

Definition

The Business of Misinformation country reports struggle with definitional issues, lack of a common definition making it difficult to compare findings. Four country reports focus on alternative (non-mainstream) misinformation websites; the report on Bosnia & Herzegovina includes some mainstream media outlets; and the report on Serbia focuses entirely on mainstream media organizations. Overall, very different samples are assessed.

Another definitional problem highlighted by the Romanian report is how “information” and “misinformation” are defined. The Romanian report argues that websites that are open about their purpose and have a community that understands their intentions should not be grouped together with the more covert misinformation websites. This was not the approach taken by other reports; the Hungarian, Slovak, Serbian and Bosnian samples do include hyper-partisan websites; the Hungarian one also covers satirical sites.

Main Sources of Information

All six reports use local fact-checking websites or “fake news” website aggregators (such as Verifica Sursa in Romania, Konspiratori.sk in Slovakia or Raskrinkavanje.ba in Bosnia & Herzegovina) as their starting point to identify misinformation websites. Some, such as the Hungarian report, also look at other studies for further examples. The sample of analyzed websites varies widely, ranging from the eight websites analyzed in the Serbian report to over 100 websites assessed in Hungary.

Criteria

To identify the most important or most popular misinformation websites, the reports use different tools. The Slovak and Serbian reports sort the websites by the number of visits, relying on the analytics company SimilarWeb. The Romanian study finds traffic information for some websites (five out of the 50) on a Romanian traffic measurement website. Some of the Hungarian websites include a traffic measuring widget. The Moldovan and the Bosnian reports make no mention of site popularity/importance.

Most of the reports also look at the size of the Facebook communities connected to the misinformation websites, either as a tool to establish their popularity, for lack of better data, or, as in the Slovak case, as an additional metric. The Slovak example, however, shows that this may be deceptive. The websites that attract the highest number of visits are not necessarily the ones with the largest Facebook communities.[*10*]

Mapping Ownership

Except for Slovakia, all reports had major difficulties in tracking the ownership of the misinformation websites. The Slovak researchers managed to identify the owners of 35 of the 49 websites analyzed. To map ownership, country researchers first consulted the “About us” or “Imprint” pages of the websites and various whois databases, with the Slovak and the Hungarian reports finding that many websites use privacy services to hide their owners/managers.

Previous investigations into local misinformation websites by fact-checking groups, journalists and researchers were also used. The report on Bosnia & Herzegovina partly, and the report on Serbia exclusively analyze mainstream media outlets; their operational and ownership data are more readily available. The Slovak report also used the Investigative Dashboard databases.

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[10] The popularity of Facebook pages must be taken with a grain of salt, as “buying” followers and “likes” (through paid advertising or other marketing methods) is a tactic sometimes used to boost the popularity of a Facebook page.

All in all, it appears that successfully identifying the ownership of misinformation websites depends less on the methodology used and more on the local misinformation context, including previous attempts by local media to investigate the phenomenon.

Mapping Funding

Exploring the monetary aspects of misinformation by collecting financial data about the misinformation websites has proven to be even more difficult. Slovakia is again an exception: the Slovak report unearthed revenue and profit data for the majority of the websites sampled, mostly using data from the Slovak Trade Registry. Like in Slovakia, the law also requires companies in Romania and Hungary to file financial reports. However, in these two countries it is impossible in the first place to identify the legal entity behind the misinformation websites. In one of the rare cases, in Hungary, when the company behind a website could be identified, its financial statement was not filed with the Ministry of Justice database (in breach of local law). Additionally, self-reporting on financing raised through crowdfunding, common for some Slovak websites, is absent on theHungarian websites that use this funding method.

In conclusion, the primary problem in such a mapping exercise appears to be identifying the legal entity that runs or owns the misinformation website.

The other problem in countries such as Moldova and Bosnia & Herzegovina is that, unless companies are publicly funded or regulations force all companies to make public their financial reports, financial information can’t be tracked through public records. Also, in Serbia, where the researcher chose to include mainstream media outlets, the financial data were available, but these statements covered all the assets of the companies, making it impossible to tell how much of the revenue was generated by the misinformation websites (a problem also encountered in Hungary).

Towards a New Methodology to Track Misinformation Players

Definition

The pilot phase of the project showed that clearer definitions are needed to achieve more comparability. The biggest methodological question is whether to include mainstream media as many of these media play an important role in spreading misinformation and propaganda in many countries. Yet, their inclusion would not be without issues. While their ownership and finances would probably be much easier to map than those of independent misinformation websites, the focus of the study would suffer a significant shift.

Whether to include mainstream media or not depends on the research question. If the question of the project is changed to “who funds misinformation?” then the mainstream media, including publicly funded media must be included. If the “business of misinformation” remains the focus, then including mainstream and especially public service media could not be justified.

If non-mainstream websites remain the focus, more effort should be made to ensure that the misinformation websites chosen for analysis are the important ones. The metric of “importance” may differ in different contexts, but if the focus is the business side of misinformation, then the audience reach should probably be the most suitable metric. Additionally, if a social network such as Facebook is found to be important in a particular context, then the number of interactions a website’s posts generate should also be included.

As a side note, the importance of the social network could and should be established by looking at the sources of traffic to the websites, using, again, an analytics company.

Considerations About Mapping Ownership

For mapping the ownership of the misinformation websites, the reports did not find the most suitable method. Consulting the websites’ imprint as well as whois databases either reveal the owner or not, in most cases. If investigative journalistic work or previous research is available, it should be consulted. Investigative journalists may have better tools to track down the owners of these sites; if possible, they should be enlisted in this part of the project.

Considerations About Financial Information

For financial information, the researchers have consulted available local databases, run primarily by tax and fiscal authorities. The quality and quantity of data that can be found in these databases vary widely. An additional problem is that website owners that can be tracked down often have a variety of activities, running multiple media outlets or even owning completely unrelated businesses. As a result, it is often impossible to tell from the financial databases what portion of their revenue is generated by the misinformation business.

Another way to go about this problem, used by some research projects, is to try and estimate the potential revenue by looking at the number of ads on the website (if advertising is the main source of income for the websites analyzed). If information about the advertising prices is available, coupled with traffic information about the website, a well-informed estimate about their revenue figures can be made. The two approaches combined may bring us closer to mapping the finances of misinformation companies.

Mapping Connections

In the pilot phase, after researchers’ work was finished and their country reports published, we engaged journalists to follow up on the key misinformation players to identify the nature of their links with other individuals and entities, be they businessmen or politicians, public administration bodies, private companies or NGOs. The work carried out by journalists as part of the pilot project was published on their own media platforms. (*See the collection of all the outputs, including the journalistic work here.*)

Based on the experience in the pilot phase, involvement of journalists should be better connected with the researchers’ work for two reasons. First, mapping ownership and finances sometimes requires journalistic investigation. (*See Considerations About Mapping Ownership in this report.*) Second, connections between the analyzed websites and other entities are extremely important to understand how these misinformation operations infiltrate other sectors and industries; hence, identifying these connections should be part of the project rather than a series of disparate follow-up investigations.

The Country Reports

- Bosnia & Herzegovina: Lying for Profit
- Hungary: Pushing Politics, Picking Pockets
- Moldova: No Country for Small Liars
- Romania: Monetizing Dacians and the Apocalypse
- Serbia: Misinformation Inc.
- Slovakia: Snake Oil Spills Onto the Web

About the Author

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About CMDS

The Center for Media, Data and Society (CMDS) is a research center for the study of media, communication, and information policy and its impact on society and practice. Founded in 2004 as the Center for Media and Communication Studies, CMDS is part of Central European University's School of Public Policy and serves as a focal point for an international network of acclaimed scholars, research institutions and activists.

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