Prague Security Studies Institute

Pohořelec 6 | 118 00 Praha 1 | Czech Republic
Tel./fax: +420 233 355 735 | email: pssi@pssi.cz | www.pssi.cz

Not Just Governments Anymore: How Disinformation Impacts Private Companies

Lindsay Wojtula

For businesses, social media is an excellent way to connect with customers online, share information about their products, engage the public, and develop a brand reputation. The ease and speed of social media has made it possible to reach out to a much wider audience than previously possible. At the same time, however, it also brings new risks to businesses, as they equally can become targets of disinformation, which is readily consumed by a significant number of people online.

There are various actors creating and disseminating disinformation, that is, spreading false information with the intent to cause harm[1] , targeting businesses. But, according to Matthew F. Ferraro, a former intelligence officer and senior associate at the WilmerHale Law firm, who specializes in "the threat that digital disinformation poses to corporations, brands and markets"[2], these actors broadly fit into three categories: trolls, profiteers, and foreign flags.[3] This article describes these three categories and provides examples to illustrate the methods they use as well as the real-world impact on product sales, stock prices, and brand reputation.

Trolls

Attacks by trolls are often random and usually conducted by individuals or groups for entertainment purposes although there can be additional ideological reasons motivating these groups to spread disinformation.[4] For example, 4Chan, an anonymous forum "responsible for

[1] Information Disorder: Toward an interdisciplinary framework for research and policy making", firstdraftnews.org, https://firstdraftnews.org/wp-content/uploads/2017/11/PREMS-162317-GBR-2018-Report-de%CC%81sinformation-1.pdf?x14487
[2] "Matthew F. Ferraro", WilmerHale, https://www.wilmerhale.com/en/people/matthew-ferraro.
[3] "Misinformation poses threat to businesses, political process", American Bar Association. https://www.americanbar.org/news/abanews/aba-news-archives/2019/12/misinformation-poses-threat/
[4] 'Companies scramble to combat 'fake news'', Financial Times https://www.ft.com/content/afe1f902-82b6-11e7-94e2-c5b903247afd.

some of the largest hoaxes, cyberbullying incidents and Internet pranks…"[5] was behind the hoax, "Dreamer Day". [6] In this case, fake memes were circulated stating that Starbucks would give out free drinks to undocumented migrants in the USA. As noted by one 4Chan user, this "could cripple their business a bit," and the hoax did indeed cause Starbucks to respond by scrambling to inform customers that this online offer was untrue[7].

In this case, Starbucks seems to have been targeted because of the more liberal views it is considered to promote. As one 4Chan user commented when potential targets were being discussed: "I'm open to suggestions there. Name a liberal place for all illegals to go at once and demand free stuff".[8] But this is not the only time Starbucks has been the focus of online disinformation campaigns. On another occasion, a fake coupon offering black Americans a free coffee as an apology for highly publicized incident of racism in Starbucks, was widely circulated online. The coupon was "likely created (and certainly spread) by users of the 4Chan internet forum," to provoke increased division online and tarnish Starbucks from the consumer side.[9]

Starbucks, however, is not the only well-known company to have been targeted by trolls aiming to aggravate social and political divisions between social media users. In another example, claims that "a black McDonald's worker named Bubba Conroy spit in white peoples' food" were spread, in what appeared to be an attempt to exacerbate racial tension.[10] While the financial impact of these hoaxes is sometimes unclear, Ferraro argues that troll campaigns are usually born out of spite or dogma;[11] yet the repercussions of this spite can hurt businesses

[5] "Absolutely everything you need to know to understand 4chan, the Internet's own bogeyman", Washington Post, https://www.washingtonpost.com/news/the-intersect/wp/2014/09/25/absolutely-everything-you-need-to-know-to-understand-4chan-the-internets-own-bogeyman/
[6] 'Companies scramble to combat 'fake news'', Financial Times https://www.ft.com/content/afe1f902-82b6-11e7-94e2-c5b903247afd.
[7] Ibid.
[8] "Starbucks Dreamer Day" snopes.com, https://www.snopes.com/fact-check/starbucks-dreamer-day/
[9] "Is Starbucks Offering Coupons for Black Customers Only?", Snopes.com https://www.snopes.com/fact-check/starbucks-coupon-for-black-customers-only/
[10] "Starbucks Dreamer Day" snopes.com, https://www.snopes.com/fact-check/starbucks-dreamer-day/
[11] "Misinformation poses threat to businesses, political process", American Bar Association. https://www.americanbar.org/news/abanews/aba-news-archives/2019/12/misinformation-poses-threat/

financially, and, perhaps more importantly, can foster a toxic environment, destroying trust and "creating an atmosphere in which people don't know who they can trust".[12]

Profiteers

Profiteers are either much larger collections of individuals, or companies, who profit financially from the creation and dissemination of disinformation.[13] In contrast to trolls, who commonly have ideological aims when conducting disinformation campaigns, profiteers are primarily motivated by the potential for monetary gains. In practice, this can mean profiteers may simply earn money from the production of 'click-bait', which leads internet users to fake or misleading content, or be hired by companies to orchestrate disinformation campaigns against rival businesses.[14]

An example of a profiteer is the "prank" website *Channel23news.com*, which enables users to create their own 'news stories' which when shared on Facebook, Twitter, WhatsApp or the host site[15], are easily confused for genuine news articles. Social media users who click on the fictitious articles produced on *Channel23news.com* are brought to a page informing them that "You've been Pranked".[16] However, many readers react to seeing these fake articles by either commenting on them or sharing them on their own social media accounts, without ever opening the links which reveal that the information being presented is false.[17][18] Consequently, this has led to serious financial losses for some businesses whose real images and information have been used to propel the prank. For example, one Indian restaurant in London received bomb threats and lost over half of their business revenue as a result of one "prank" news report that

[12] 'Companies scramble to combat 'fake news'', Financial Times https://www.ft.com/content/afe1f902-82b6-11e7-94e2-c5b903247afd.
[13] "Misinformation poses threat to businesses, political process", American Bar Association. https://www.americanbar.org/news/abanews/aba-news-archives/2019/12/misinformation-poses-threat/
[14] Ibid.
[15] "Trolls Are Targeting Indian Restaurants With A Create-Your-Own Fake News Site" BuzzFeed News https://www.buzzfeednews.com/article/craigsilverman/create-your-own-fake-news-sites-are-booming-on-facebook-and#.rsOrWoZx
[16] Ibid.
[17] "Prank News: What You Need to Know", Snopes.com https://www.snopes.com/news/2017/07/20/prank-news-what-you-need-to-know/
[18] Ibid.

claimed they were selling human meat, the owner had been arrested, and multiple human bodies had been found on the premises.[19]

Channel23news.com is part of a network of approximately 30 websites publishing "prank" news reports and drawing significant attention on social media where they have "collectively earned more than 13 million shares, reactions, and comments on the social network [Facebook]".[20] Although Facebook has attempted to reduce the potential for the monetization of false stories[21], there is still significant potential for profit and therefore great incentives for running these platforms, because programmatic advertising drives financial revenue through click-bait articles.[22] While the individual behind *Channel23news.com* argues that the site is not intended for malicious purposes, there are plenty of examples, to add to the case of the Indian restaurant mentioned above, which demonstrate the collateral damage generated by these websites. In addition, the possible financial benefits of running a website like this can outweigh any moral or ethical concerns, as the domain owner in this case was quoted as saying, "I definitely took advantage of online hoaxes and viral hoaxes over the years, I can't deny that. It's a way to make money."[23]

Snopes.com, a well-known fact-checking website, identifies these sites as misinformation, differentiating them from hoaxes, as they may not intend to cause harm. The initial creation of a hoax can, however, be considered disinformation because the stories produced are both fabricated and portray negative images of real businesses under the false pretense of appearing

[19] "Indian restaurant told they 'should be bombed' over fake news about serving human meat", CBC.ca https://www.cbc.ca/radio/asithappens/as-it-happens-tuesday-edition-1.4137713/indian-restaurant-told-they-should-be-bombed-over-fake-news-about-serving-human-meat-1.4137715
[20] "Trolls Are Targeting Indian Restaurants With A Create-Your-Own Fake News Site" buzzfeednews.com https://www.buzzfeednews.com/article/craigsilverman/create-your-own-fake-news-sites-are-booming-on-facebook-and#.rsOrWoZx
[21] "Facebook Exec Says Technical Updates Are More Effective Than Fact Checkers To Fight Fake News", buzzfeednews.com "Trolls Are Targeting Indian Restaurants With A Create-Your-Own Fake News Site" BuzzFeed News https://www.buzzfeednews.com/article/craigsilverman/create-your-own-fake-news-sites-are-booming-on-facebook-and#.rsOrWoZx
[22] "Scale vs. Brand Safety: Is There a Programmatic Winner?", tinuiti.com https://tinuiti.com/blog/performance-display/scale-vs-brand-safety-is-there-a-programmatic-winner/
[23] "Trolls Are Targeting Indian Restaurants With A Create-Your-Own Fake News Site" buzzfeednews.com https://www.buzzfeednews.com/article/craigsilverman/create-your-own-fake-news-sites-are-booming-on-facebook-and#.rsOrWoZx

to be a genuine news article.[24] Regardless, it highlights that one of the key challenges when analyzing online disinformation is how to evaluate and provide conclusive evidence to identify which content producers and sharers have *the intent to cause harm*.[25]

While sites like *Channel23.news* do profit from click-bait, they arguably display less intent to cause deliberate harm than the private online companies which explicitly offer disinformation campaign services. These companies, which fall into the second category of profiteers, are described by data and analysis research team the Insikt Group, as *threat actors* that attack private sector businesses to gain competitive advantages for their patrons.[2627] To test operational capabilities of these *threat actors*, the Insikt Group first identified two of them on "popular Russian language underground forums, where they listed their Jabber and Telegram handles for all to see." [28] Posing as a fictitious Western corporation, the Insikt Group hired two of these groups. The first, identified only as "Raskolnikov" was tasked with positively amplifying Insikt's fictional company and the other, known as "Doctor Zhivago," was charged with destroying it.[29]

In a subsequent report, Insikt evaluated and discussed the relative capabilities of both groups they had hired. For the purposes of this blog, it is most relevant to focus on Insikt's findings with relation to "Doctor Zhivago's" activities, as they offer useful insights into the potential risks that such profiteers may pose to private businesses. With both old and new social media accounts, "Doctor Zhivago" was able to spread content through seemingly genuine social media posts, connect with a local target audience by befriending citizens from the where the fictitious company was located, and created customized content and articles. They also demonstrated a willingness "to go to extreme lengths to accomplish their tasks, including filing false

[24] Information Disorder: Toward an interdisciplinary framework for research and policy making", firstdraftnews.org, https://firstdraftnews.org/wp-content/uploads/2017/11/PREMS-162317-GBR-2018-Report-de%CC%81sinformation-1.pdf?x14487
[25] "Lies and Libel: Fake news lacks straightforward cure", ABA Journal http://www.abajournal.com/magazine/article/fake_news_libel_law
[26] "Our Company", Recorded Future https://www.recordedfuture.com/about/
[27] "The Price of Influence: Disinformation in the Private Sector", Insikt Group https://www.recordedfuture.com/disinformation-service-campaigns/
[28] Ibid.
[29] Ibid.

accusations with law enforcement against target entities".[30] The test case took one month and cost $4,200 USD, leading the research group to highlight that hiring these private *threat actors* to create customized disinformation campaigns to significantly damage the reputation of a targeted company was "alarmingly simple and inexpensive."[31]

The "Doctor Zhivago" example demonstrates how social media manipulation techniques can be applied to distort the image of private businesses, either positively or negatively. However, it should not be considered fundamentally different from the distortion that surrounds the political environment, where a plethora of "black PR" firms have developed internationally.[32] While these "disinformation-for-hire" firms often work to promote "companies, brands, political parties, and candidates…" it is easy to imagine how promoting one brand can come at the expense of others, how the trust in genuine PR firms can decrease as online distrust increases, and how the same techniques used in promoting a company could easily be directed against another one.[33]

Foreign Flags

Going back to Ferraro's observations, the third category of disinformation actors in the private sector is comprised of "state-backed groups" using disinformation to damage brands and "drive business to a company in their own country".[34] This has been happening for example, in the energy sector, where large companies, such as Tesla, have become a target of disinformation as they could decrease dependency on oil and gas exports from Russia – a vital source of revenue.[35]

---

[30] Ibid.
[31] Ibid.
[32] "Disinformation For Hire: How A New Breed Of PF Firms Is Selling Lies Online", Buzzfeednews.com https://www.buzzfeednews.com/article/craigsilverman/disinformation-for-hire-black-pr-firms?fbclid=IwAR0xCOH_te97c-nUpQdzGlzfIEXq-gUbls1m1yifz7FVHEk1gawBmDbj4Nc
[33] Ibid.
[34] "Misinformation poses threat to businesses, political process", American Bar Association. https://www.americanbar.org/news/abanews/aba-news-archives/2019/12/misinformation-poses-threat/
[35] " Tesla: Russia' Top Propaganda Target" cleantechnica.com https://cleantechnica.com/2019/09/27/tesla-russias-top-propaganda-target/?fbclid=IwAR3ik9-Itlgmgh1mKFauW-FmvqMFbOCixD_bOjybDlp1Tfvkjb4jtyKXzw4

To tarnish the reputation of Tesla, different methods have been used. Some information produced is simply biased, does not report "both sides" of a debate, and identifies only negative aspects of the founder, Elon Musk's personality, the unreliability of the cars, or the unpopularity of the company.[36] But there are also more serious disinformation claims that Tesla has had to face. For example, a potentially staged video surfaced at a popular consumer electronics show, which pictured a Tesla self-driving car hitting a robot, *Promobot,* leading to "headlines claiming 'self-driving Tesla car kills robot.'"[3738] It appears that the video was a publicity stunt connected to a Russian firm designed either to damage Tesla's reputation or the American stock market in general.[3940] In an environment where Tesla's electric cars are viewed with relative suspicion and with a politically divisive topic like climate change, exacerbating trust issues surrounding Tesla products undermines public trust and devalues stock prices.[41]

Particularly interesting are the divergent responses to companies like Tesla by different states, highlighting a need to understand the broader geo-political context to identify which companies may be at risk of foreign flag aggressions. For example, while Tesla may be seen as a threat to the Russian economy, which helps fuel anti-Tesla disinformation, "other news sources funded by hydrocarbon-rich states are not nearly as obsessed by Tesla or pessimistic about its future."[42] This may be connected to the position of strategic sectors and narratives more than individual businesses. China, for example, is benefitting from economic cooperation through hosting Tesla factories and is, therefore, "demonstrating a willingness to help Tesla grow."[43] With the

[36] Ibid.
[37] "CES 2019: The day a self-driving car killed a robot", electronics.360 https://electronics360.globalspec.com/article/13323/ces-2019-the-day-a-self-driving-car-killed-a-robot
[38] " Fake news can cause 'irreversible damage' to companies – and sink their stock price" nbcnews.com https://www.nbcnews.com/business/business-news/fake-news-can-cause-irreversible-damage-companies-sink-their-stock-n995436
[39] Ibid.
[40] "A Tesla-Robot 'crash' Stunt Shows We Need Robocar Schooling", Wired.com https://www.wired.com/story/tesla-promobot-pave-self-driving-education/
[41] " Fake news can cause 'irreversible damage' to companies – and sink their stock price" nbcnews.com https://www.nbcnews.com/business/business-news/fake-news-can-cause-irreversible-damage-companies-sink-their-stock-n995436
[42] " Tesla: Russia' Top Propaganda Target" cleantechnica.com https://cleantechnica.com/2019/09/27/tesla-russias-top-propaganda-target/?fbclid=IwAR3ik9-Itlgmgh1mKFauW-FmvqMFbOCixD_bOjybDlp1Tfvkjb4jtyKXzw4
[43] Ibid.

increasing level of political tension, Tesla may be but one of the companies caught in the middle of geopolitics.

Conclusion

Although the focus is generally on the impact of disinformation on politics and security, it is important to understand that it also poses a serious issue for private companies. While it may be difficult to evaluate the social and political effects of online disinformation, its impact on the private sector is generally much more visible and the financial and reputational damage inflicted by trolls, profiteers and foreign flag actors to private businesses can measured more easily. Although disinformation in the private sector is often overlooked and understudied, its impact is projected to increase[44], as making an impact is simple, cheap, and profitable yet also extremely difficult and expensive to counter. While countering these activities are certainly challenging to tackle, the good news is that government, state institutions, academic and civil society have already begun to understand, map and combat this issue. Maybe it is time for businesses to join them.

[44] "Misinformation poses threat to businesses, political process", American Bar Association. https://www.americanbar.org/news/abanews/aba-news-archives/2019/12/misinformation-poses-threat/