

# Phony reviews threaten to erode Yelp's integrity

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Judging from recent reviews on Yelp, the Center for Counseling, Recovery & Growth was the place to go to turn your life around.

The Torrance center racked up 14 coveted five-star ratings on the popular review site for its "warm and friendly therapists" and "beautiful offices." Many of the testimonials made similar points, sometimes in nearly identical language.

That was no coincidence. Acting on a tip, [Yelp](#) uncovered what it dubbed a "review-swapping ring" composed of members of a San Francisco Bay Area business networking group. Yelp said it was a coordinated effort by members to boost their ratings by posting glowing [reviews](#) about one another's businesses.

Such backslapping highlights a major challenge for Yelp and other online review services: how to keep business owners from gaming a system that by its nature is open to manipulation.

Yelp stripped the suspect reviews from its site last month and sent emails to members of the group - known as South Bay BNI - informing them that their behavior was out of bounds.

"This was a sophisticated effort to bolster the reputation of members of this business networking group through five-star reviews," said David Lee, Yelp's user operations manager. "Reviews that have a bias lead to a poor consumer experience."

Members of South Bay BNI defended their reviews as legitimate.

"We didn't think we were violating any guidelines," said Rosanna Savone, a debt settlement attorney and member of the networking group who had all 10 of her five-star Yelp reviews wiped out. "There was no secret mission to outsmart Yelp."

But concerns are growing about the authenticity of online ratings. People making comments often don't give their full or real names; others don't disclose their relationship with the business they're reviewing. That can allow business owners to pad their scores with rosy testimonials from friends, family, even themselves. Some pay so-called review mills to churn out positive statements. Others have trashed rivals with negative comments.

As many as 4 out of 10 online reviews are phony or biased in some way, said Bing Liu, a computer science professor at the University of Illinois in Chicago who develops software to detect fake reviews. Liu said the challenge for Yelp and other review sites is in keeping pace with the latest tactics. "It's going to be a problem forever because the incentive is too high," he said.

That's because peer reviews carry tremendous weight with consumers. Customer feedback on sites such as Yelp, Amazon.com and travel site TripAdvisor have changed the way people research and shop for products and services. Such comments are the first thing many people check before trying a new restaurant or booking a hotel. And highly rated businesses on services such as Yelp also get a boost in Google rankings.

For businesses, this kind of marketing is powerful - and cheap. They can reach thousands of potential new clients without spending a dime.

Founded in 2004 and based in San Francisco, Yelp has become one of the Web's most popular repositories for reviews. Its users have written more than 27 million pronouncements on businesses they've visited, posting comments on their experience and giving an overall rating of one to five stars, with five stars being the top score. The better the reviews and ratings, the higher the business ranks on Yelp, ushering more business through the doors.

Yelp earns revenue by selling ads to local businesses. The company went public in March and posted sales of \$83.3 million last year, up 74 percent from 2010. But it has yet to turn a profit. The company lost \$16.7 million in 2011 and \$9.6 million in 2010.

To keep growing and achieve profitability, Yelp must deliver ratings and reviews that consumers trust.

"If people don't trust the reviews, then they won't go to Yelp and then Yelp won't be able to generate any traffic or revenue," Citigroup analyst Mark Mahaney said. "That's pretty key."

To fight back against cheats, Yelp has developed sophisticated algorithms to root out phony testimonials. And it employs a team of staffers whose job it is to detect fraudsters. The company also relies on tips from its users who flag reviews that appear to be bogus. Yelp's policy also bars members of networking groups from reviewing one another because of the conflict of interest.

Members of South Bay BNI - a chapter of an international business networking group - said they were unaware of that ban when they hatched their plan to buck up one another on Yelp.

Founded by multimillionaire author Ivan Misner, BNI operates on the principle of "givers gain." By sending business to others, the reasoning

goes, members will get business in return. Like other entrepreneurs in the digital age, its members increasingly rely on the Internet, not just face-to-face schmoozing. Favorable online reviews have become even more crucial as businesses feel the pinch of the ailing economy.

The South Bay chapter held a contest in February. Some 30 or so members - among them lawyers, insurance and real estate agents, a dentist and a deejay - scored points and prizes for promoting one another's businesses on Yelp. In May, the chapter kicked off a second contest to solicit reviews on Yelp and other social media sites such as Facebook and LinkedIn. Members said they agreed to review products or services if they had tried them. If they had not, they'd say something about the business owner.

The contests were "meant to fire us up and help increase each other's business," said Jeff Levine, a paralegal who runs a small-claims service in Los Angeles, which picked up 15 five-star reviews from BNI members.

It worked.

"I got good calls from Yelp once a day," Levine said. He returned the favor with positive comments for their businesses. Levine says his testimonials were heartfelt, but admits he cut and pasted from other members' comments when he struggled for words.

Manhattan Beach, Calif., dentist Steven Firshein said the 12 reviews he got and those he gave were "absolutely legitimate" even though he and his fellow BNI members did not reveal their affiliation. In a testimonial for Redondo Beach, Calif., deejay Amani Roberts, Firshein gave the impression he had just stumbled upon Roberts spinning records at a South Bay bar. "I liked his work enough to walk up and tell him, so now I'm writing this to support what I liked," Firshein wrote.

Kevin Bergen, a therapist with the Center for Counseling, Recovery & Growth, earned more than a dozen glowing reviews from fellow BNI members and even wrote one himself under his personal account "Kevin B." He did not respond to requests for comment.

BNI members said they were stunned in June when Yelp pulled their comments.

"Many of you (myself included) have lost many if not all of your Yelp reviews," chapter President Steve Janz, who runs Technospeak, a home theater installer in Culver City, Calif., wrote in an email to fellow members. "I am not sure how Yelp was able to determine that we were all part of a networking organization, however they have determined it and acted as they saw fit."

But at least one BNI member jumped right back onto Yelp to plug his pals.

Just days after Yelp sent its email telling BNI members not to review one another, insurance broker James Lee penned two reviews, one for Technospeak ("they really know their stuff") and one for Redondo Beach photographer John D. Russell ("he is an incredible talent"). Signed "James L.," neither review disclosed Lee's affiliation with those business owners through BNI.

Lee, who runs Coastal Insurance Services, an employee benefits and group insurance firm in Torrance, said he deliberately broke Yelp's rules because he has patronized both businesses and "felt strongly about them."

In response to an inquiry from the Los Angeles Times, Yelp closed Lee's personal account for "multiple violations of our review guidelines and Terms of Service."

Lee contends that Yelp doesn't play fair with small businesses, frequently filtering out positive reviews but leaving negative ones.

"Yelp picks and chooses how they want to apply things for their own best interests," Lee said. "They say it's an unbiased, fair system for reviews, but they manipulate it as well."

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