

Fake online reviews get reality check

September 29 2013, by Rob Lever



A person holding a credit card and a phone with a sales 'app', in front of websites advertsing for winter sales, on January 9, 2013, in Paris

Fake online products reviews have been around for years, fueled by unscrupulous marketers seeking to boost sales.

But a recent [crackdown](#) by authorities in New York could be the shock needed for the online sector to clean up its act.

The New York state attorney general's office recently ordered 19 companies to halt these practices and pay fines totaling \$350,000 to

settle charges of manipulating online [reviews](#) for sites such as Yelp, Google+ and others.

The settlement stemmed from an undercover investigation in which officials created a fake yogurt shop in Brooklyn and sought help in marketing from so-called "[search engine optimization](#)" firms that work to boost a company's online presence.

The investigators discovered online ads such as this one: "Hello... We need someone to post 1-2 reviews daily on sites like: Yelp, Google reviews, Citysearch and any other similar sites. We will supply the text/review... We are offering \$1.00 dollar for every post."

The companies hired writers from as far away as the Philippines, Bangladesh and Eastern Europe, according to the [investigators](#).

"Consumers rely on reviews from their peers to make daily purchasing decisions on anything from food and clothing to recreation and sightseeing," state Attorney General Eric Schneiderman said.

"This investigation into large-scale, intentional [deceit](#) across the Internet tells us that we should approach online reviews with caution. "

Growth in fake reviews

While the extent of fake reviews is not clear, a 2012 report by the research firm Gartner concluded that between two and six percent of online reviews are "fake or deceptive," and predicted this will grow to around 10 percent by 2014.

The prevalence of fake reviews is due to the high stakes involved.

The Gartner report said some 31 percent of consumers use online review

because they find the opinions of a person like themselves to be more credible than advertising.

Gartner said studies from a number of university researchers suggest that positive reviews can provide a shot in the arm for many kinds of businesses, from hotels to restaurants to doctors or lawyers.

"In the hospitality industry, you are more likely to see bookings go up when you have better ratings," said Jenny Sussin, a Gartner analyst and co-author of the report.

"For restaurants, a half-star increase in the review average can cause 7:00 pm bookings to go up 30 to 49 percent."

Sussin said fake reviews can be used by small family operations to Fortune 500 companies. In addition to positive reviews, some fakes are negatives, often aimed at driving business to a competitor.

She said the review business has turned into a cottage industry, with writers in places such as India or the Philippines paid as little as \$1 to \$5 per review. In other cases, some employees or customers are offered incentives such as gift certificates for reviews, which is also considered deceptive or illegal.

Duncan Simester of the Massachusetts Institute of Technology and Eric Anderson of Northwestern University found that five percent of reviews for a major apparel maker came from people with no record of purchasing that product.

These questionable reviews were "significantly more negative" than the average, the researchers found, but the motivations were not clear.

"These deceptive reviews are written by loyal customers," they wrote in

a research paper submitted to an academic journal.

"One explanation for the data is that loyal customers may be acting as self-appointed brand managers... An alternative explanation is that the deceptive reviews are contributed by reviewers who seek to enhance their perceived social status."

Yelp said recently its automatic filtering rejects about 25 percent of submitted reviews: "Yelp has been on guard against these very same reviews from our earliest days," a blog post said.

The US Federal Trade Commission has also issued fines in such cases, based on its guidance that any payment for reviews or testimonials must be disclosed.

But Sussin said the New York case "is the biggest enforcement action we've seen" for this type of activity in the United States, and added that "this might deter people."

Ending anonymity can 'kill some of the truth'

Google recently stopped allowing anonymous reviews, in part due to concerns about fakery.

But Dartmouth University marketing professor Yaniv Dover said there is a downside to ending anonymity, arguing that people may take fewer risks when their identities are known.

"When you kill anonymity and force these social dynamics, you kill some of the truth," Dover said.

"People tend to be more positive (if they are not anonymous). They don't want to be perceived by their friends as negative."

While fake reviews are not always easy to spot, there are warning signs.

Sussin says that for hotels and restaurants, a lack of detail about the location could be a sign for caution.

A reviewer who comments on multiple, unrelated products or services can also be suspicious. Excessive use of superlatives can also be a sign of faking, Gartner said.

Websites often raise flags when they get large numbers of reviews at one time, or if one IP address is tied to multiple reviews in a short time period.

Despite the apparently large numbers of fake reviews, most researchers say the system still works fairly well.

"The faking may be significant, but there are also market correction mechanisms," Dover said.

"Review systems are basically are a good thing. Any user-generated content can better match producers and consumers."

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