

Misleading Review Websites: Beware of Disguised Paid Reviews, Content

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The Federal Trade Commission (FTC) mandates that material connections between endorsers and advertisers be disclosed. Yet there are countless misleading review websites out there, masking payments received in exchange for positive publicity.

In April, we wrote about [review-based websites branded as providing legitimate product information](#), but actually misleadingly promoting a single product. These websites purport to provide objective information about various products in a particular industry. However, the websites are disguised advertisements.

These and other types of misleading review websites certainly benefit the company receiving the plug, but this activity is unfairly coming at the expense of both consumers and competitors.

Companies paying for these services, or those in the business of getting paid to create false reviews, have increasingly become aware how to sound authentic. Of course, this only misleads (and harms) consumers, arguably far more than blatantly biased reviews.

When sponsored content is disguised as editorial content, three parties often benefit. First, of course, the company or product manufacturer that receives a stamp of approval on the review website; second, the website owner that receives compensation as a result of these reviews; and third, retailers often pay the website owner to direct the traffic to them.

With regards to the latter, there are legitimate retail websites that work with various websites, including (and perhaps unknowingly) the misleading review websites, to be the ultimate destination for purchasing the relevant products. When this type of program is established, the websites may be required to include a disclaimer disclosing potential receipt of advertising fees. However, these disclaimers are often void of any reference to actual legitimacy of the reviews.

Of course, some of these misleading review websites do not look remotely professional and are unlikely to be very influential. But there are many that look rather sophisticated, certainly to unknowing consumers.

When these websites give the impression of housing actual reviews, consumers can be tricked into viewing them as legitimate and unbiased. As a result, competitors may be harmed by the wrongfully endorsed products, which can result in lost sales and goodwill. Further, the aforementioned benefit to sponsoring retailers – notwithstanding a disclosed relationship – would come at the expense of competing retailers.

Another category of misleading review websites we have seen are those that simply rank or rate products without sufficient data to support the claims. Related, some people will independently review products based off “research,” but not a true personal experience, and then approach the manufacturer about after-the-fact advertising.

Regulatory bodies such as the FTC and the National Advertising Division of the Better Business Bureau (BBB) seem to be focusing more on this type of advertising. Moreover, states such as New York have also begun cracking down on fake and misleading advertising disguised as editorial content.

Since consumers are consulting review websites on a sometimes daily basis to make purchases, it is good news that the FTC, BBB and other entities are enforcing advertising rules and regulations. However, consumers and competitors are continuing to be harmed by misleading review websites.

Statistics vary in terms of the actual percentage of fake reviews existing online, but it is certainly no small number. Thus, manufacturers and retailers must be aware of what is out there and know that, if a business has been harmed by misleading review websites, they could be entitled to relief.

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