

Fake online reviews and testimonials are a headache for small businesses. They hope the FTC can help

August 27 2024, by Mae Anderson



A sign stands outside the Federal Trade Commission building, Jan. 28, 2015, in Washington. Credit: AP Photo/Alex Brandon, File

Online reviews and testimonials are a key way that small businesses can

attract new customers and boost sales of products.

But fake reviews and testimonials have been a persistent problem for small businesses, many of whom rely on recommendations for business. Fake reviews can make it harder for people to trust what they read online and ultimately hurt businesses. In addition, small businesses can find themselves targeted by bad actors who leave negative reviews.

Avi Israeli, a dentist and owner of Sage Dental in Wall, N.J., with 15 staffers, said his business has been targeted by fake and erroneous reviews by people with no connection to his office. In addition, people from other states have confused his practice with a chain with a similar name, and post inaccurate reviews that are hard to get removed.

"They have significantly tarnished our reputation, and are unfortunately very difficult, and costly, to get removed," he said.

In an effort to combat the problem, the Federal Trade Commission is cracking down on those who perpetuate fake reviews online. [It issued a final rule](#) that bans their sale or purchase and allows the agency to seek civil penalties against knowing violators.

The rule becomes effective Oct. 21, 60 days after it was published in the Federal Register.

"Fake reviews not only waste people's time and money, but also pollute the marketplace and divert business away from honest competitors," said FTC Chair Lina M. Khan. She added that the rule will "protect Americans from getting cheated, put businesses that unlawfully game the system on notice, and promote markets that are fair, honest, and competitive."

Specifically, the rule bans reviews and testimonials attributed to people

who don't exist or are AI-generated, people who don't have experience with the business or product/services, or misrepresent their experience. It also bans businesses from creating or selling reviews or testimonials. Businesses who knowingly buy fake reviews, procure them from company insiders or disseminate fake reviews will be penalized.

The rule also bans anyone from selling or buying fake indicators of social media influence, such as followers or views generated by a bot or hijacked account.

Tanya Lamont, CEO of Conversational, a virtual receptionist service in Dallas, Texas, with 20 staffers, said her business was hurt by fake reviews that said her staff was unprofessional and mishandled sensitive client information. It led to a dip in new client inquiries and some worries among existing customers.

To try to mitigate the damage, the company responded to each review, requested verification of the reviewers' claims, and reported the reviews to the platforms where they were posted.

"Despite these efforts, the damage had already been done, leading to a temporary but significant decrease in our revenue," she said. She said the FTC's crackdown is a "much-needed step," for businesses like hers that rely on their online reputation to attract and retain clients.

"We're hopeful that stronger enforcement will help protect businesses from the harm caused by these malicious acts," she said.

Affected businesses can also report concerns to the FTC. Consumers or business owners can report fraud, scams, and bad business practices at [ReportFraud.ftc.gov](https://www.ftc.gov/ReportFraud).

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