

The cost of fake feedback: a call for greater protection



Contents

>	Introduction	03
>	Key findings	04
>	The fake feedback problem	05
>	The case for verified reviews.....	08
>	The legal landscape	10
>	Last word	14
>	Methodology and about Feefo	15



40%

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negatively affected by
malicious feedback**

The cost of fake feedback; a call for greater protection

Consumers and businesses need greater protection

The more we shop digitally, the more important online reviews become. And with the UK in the grip of the **worst cost of living crisis since the 1950s**, every pound that we spend matters. So it's more vital than ever that we can trust the comments that affect our purchasing decisions.

Almost all of us read reviews before making purchases. But inevitably, looking at reviews means encountering fake ones. Some assessments put the proportion of false feedback out there **as high as 42%**.

For businesses, the only way to guarantee honest reviews is to ensure they're posted by genuine customers – which is how invite-only platforms like Feefo limit fabrication. On verified review sites, companies and consumers can then be confident that all feedback is from someone who has used the product or service in question.

Feefo wanted to explore how the UK is being affected by the growing problem of fake reviews. So we commissioned a survey of over 2,000 UK consumers and 500 small-business owners to find out.

We discovered an urgent need for more protection from fakes. With only 8% of consumers confident they could spot a false review, and 40% of businesses negatively affected by malicious feedback, governments need to legislate to protect all concerned.

In May 2022, an EU directive made it illegal to host a fake review on a website. The regulation has been hailed as a "new era for consumer rights".

For its part, the UK is in the process of banning fake reviews, as part of its Digital Markets, Competition and Consumer Bill.

However, there are still many unanswered questions for companies. When will the new rules come into force? What they look like in practice? And what does the EU Directive mean for UK firms operating in Europe?

Ultimately, Britain deserves the same protection as that introduced in the EU. And while we wait for the legislative wheels to turn, consumers and companies need more support to protect themselves from fake reviews.

Key findings

The problem: fake reviews

- **97% of UK consumers read online reviews before buying**
- **Only 8% are confident they could spot fake comments**
- **Nearly half bought inadequate products and services after reading fake reviews**
- **False feedback has affected 40% of small firms, and 21% more than once**

The solution: verified reviews

- **Two-thirds of people say knowing reviews have been verified would influence their buying decisions**
- **But three quarters don't know what a verified reviews platform is**

A legislative imperative

- **70% of people feel the Government should do more to safeguard them from fake reviews**
- **78% of people, and 81% of business owners, want the same protection as in the EU**



97%

read online reviews before buying



49%

of consumers have been affected by fake reviews

The fake feedback problem

Online reviews are part of everyday life. With e-commerce set to make up **37.8% of UK retail sales this year**, our survey found that 97% of consumers read reviews before buying.

97% of UK consumers read online reviews before making purchases.

At the same time, we know that companies rely on customer feedback to continually improve their products and services.

It's therefore vital that people can trust the comments they read; and that businesses can gain accurate insights on which to base their growth strategies.

That's why the spread of fake reviews is such a problem. In 2021, the World Economic Forum put their **cost to the economy** at \$2.3 billion in the UK alone – and an eye-watering \$152 billion globally.

And only 8% people believe they could definitely spot a fake review.

In addition to the economic impact, false feedback has damaging consequences for individuals and businesses.

Almost half (46%) of consumers told us that fake comments had led them to buy products and services which didn't meet their needs or expectations. A quarter (24%) had ended up with faulty items, while a fifth (20%) bought something that was actually dangerous.

As result, three in ten (30%) were left out of pocket, as they had to buy a replacement elsewhere.

46% of people have bought products they weren't happy with having read fake reviews.



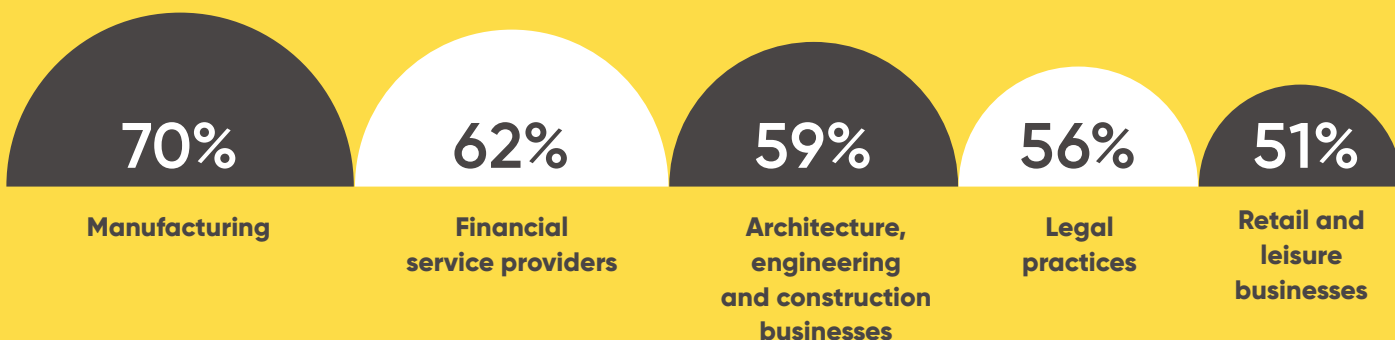


40%

of SMEs have been
negatively impacted
by a fake review

QUESTION:

What industries have been worst hit by fake reviews?



Business impact

Fabricated feedback can be devastating to the businesses it's written about. Companies that have worked hard to deliver a high quality offering to customers can see their reputations shattered – reputations that have taken years of effort. Our survey of business owners revealed that 40% of small and medium-sized enterprises (SMEs) have been negatively affected by a fake review. Over a fifth (21%) had fallen victim to made-up comments more than once.

81% of business owners want the same protection as in the EU.

Manufacturing companies (70%) were the hardest hit, followed by financial service providers (62%); architecture, engineering and construction businesses (59%); legal practices (56%); and retail and leisure businesses (51%).

The case for verified reviews

It's clear that the current standard of online feedback isn't sufficient.

More than a third (36%) of people in the UK don't trust the reviews they find on open platforms, such as Trustpilot and Google Reviews. This rises to half (49%) of younger, 'Gen Z' consumers (aged 16-24).

49% of 16-24-year-olds distrust reviews on open platforms like Trustpilot and Google Reviews.

Open platforms enable anybody to post comments. There are no human checks to ensure that reviewers have genuinely bought from the companies they're critiquing.

By contrast, verified, invite-only platforms have robust processes to confirm that an individual is a buyer before allowing them to leave feedback. The aim being to prevent people from leaving dishonest comments.

At Feefo, we work directly with organisations to invite their customers to leave a review following a purchase, which means we know that our reviewers are

genuine. Their comments are then uploaded to the business's Feefo page for all to see – *whether they're good, bad or indifferent.*

We believe verification is the only way to give organisations certainty over the feedback they receive, and to give customers confidence when reading online reviews. And we know that consumers trust it. Two thirds (66% – and 72% of women) said that knowing reviews are officially verified would influence their buying decisions.

Reading verified reviews would influence 66% of consumers' purchasing decisions.

However, our research found awareness of verified reviews sorely lacking among UK consumers.

Three quarters (75%) don't know the difference between open and closed reviews platforms. And two fifths (41%) couldn't accurately describe a verified review – rising to nearly half (63%) of older respondents (55 years old and above).



QUESTION:
Would verified reviews, influence your purchasing decisions?

66%

of consumers' purchasing decisions would be influenced by verified reviews

72%

of womens' purchasing decisions would be influenced by verified reviews



ONLY

25%

know the difference between open and closed platform reviews



41%

couldn't accurately describe a verified review



ONLY

27%

of older respondents could describe a verified review

The legal landscape

Despite the prevalence of fake reviews, and the very real damage they do, online feedback has remained largely unregulated – until very recently, at least. But the legislative net is finally tightening around false feedback, with the EU leading the charge.

The EU introduced its Better Enforcement and Modernisation Directive in May 2020, to update consumer rights by banning businesses from using reviews that aren't left by verified customers. The new rules oblige companies operating in the EU to implement strict processes, aimed at ensuring that published reviews originate from real customers.

Elsewhere, India's Department of Consumer Affairs is developing a framework to address the problem, and pressure is growing for greater government protection in Australia.

Meanwhile, the UK included measures

to make fake reviews illegal in its draft Digital Markets, Competition and Consumer Bill, which featured in the Queen's Speech in May 2022.

However, UK consumers and businesses want stronger action.

70% of consumers say the government should do more to protect them against false feedback. Plus, around four fifths of individuals (78%), and SME owners (81%) want to see the EU directive replicated in the UK. That rises to 88% of older consumers.

70% of UK consumers feel the government should be doing more to protect them against fake reviews.

The message to the UK government is clear: time is of the essence when it comes to putting an end to fake reviews.

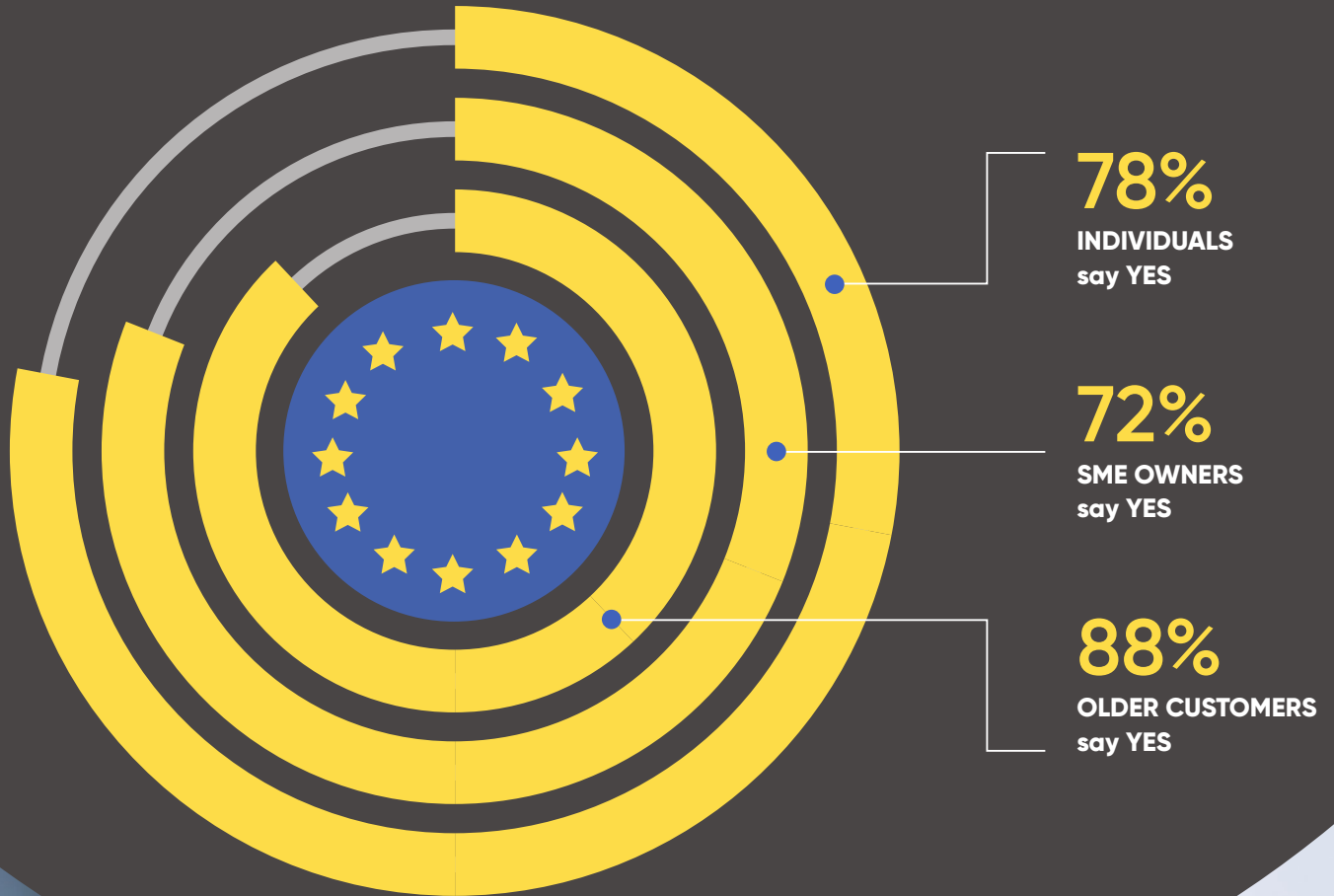


70%
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QUESTION:

Would you like the EU directive replicated in the UK?



Organisations will need to know how to stay onside of the new regulations.



Compliance considerations

As the legislative landscape changes, organisations will need to know how to stay onside of the new regulations. What will the Digital Markets, Competition and Consumer Bill look like once it becomes law? And what does the Omnibus Directive mean for UK companies selling to EU countries?

The EU regulation sets out the following requirements for organisations:

→ **Where stating that consumer reviews are from people who have used or bought their product, businesses must take “reasonable and proportionate steps” to ensure that this is true.**

These could include technical verification – for example, by requesting information to verify that the individual has actually used or purchased the product

→ **When displaying consumer reviews, businesses must:**

- state whether they have checks in place to confirm that reviews come from consumers who have used or purchased the products in question
- clearly explain how these checks are made
- clearly explain how the reviews are processed. This includes whether all reviews, positive and negative, are posted; and whether any reviews are sponsored, or otherwise influenced by a contractual relationship with the business.



The penalties for non-compliance will fall under the national laws of the country where an infringement occurs. But the Directive does allow for GDPR-level fines: up to 4% of annual global turnover, or €20 million– whichever is higher.

It's also worth noting that the EU's Digital Services Act is due to come into force in early 2023. While still under negotiation among Member States, this will change the law surrounding liability for hosting illegal content – which under the Omnibus Act, includes fake reviews. Failure to comply could see fines of up to 6% of annual global turnover.

In the absence of regulation here in the UK, the Committee of Advertising Practice has published guidance on how companies should approach consumer reviews. This covers:

- **demonstrating that reviews are genuine**
- **getting permission to use testimonials**
- **ensuring that reviews are relevant**
- **using appropriate hashtags**
- **not incentivising positive endorsements**
- **avoiding restricted categories (e.g. medicines)**
- **ensuring all testimonials and endorsements comply more generally**

However the legal agenda plays out, and wherever a company operates, working with a verified reviews platform should be an essential part of any businesses' compliance strategy. The EU's new rules create a near mandate for this, and the draft UK bill looks set to outlaw fake reviews, which verified platforms all but eliminate.

Failure to
comply could see
fines of up to 6% of
annual global turnover.



Summary

Our research highlights a strong call to arms from consumers and business. They want to know that the feedback they encounter online is real. Regulation has its part to play in achieving this but this takes time. Until this is in place, verified, invite-only reviews platforms like Feefo are the best way to drive the certainty and confidence that businesses and their customer's desire. By engaging with verified-reviews platforms, businesses can help put an end to the scourge of fake reviews once and for all.

Further information

Research methodology

Feefo commissioned Censuswide, an independent market research company, to survey nationally representative samples of:

→ **2,013 UK adults**

→ **500 SME owners**

Research was conducted between 22nd April and 26th April 2022.

Unless otherwise credited, all data in this report drawn is from the Censuswide poll.



About Feefo

Feefo is a leading global customer reviews and insights platform on a mission to empower its clients to fully understand how their customers experience their product or service.

The Feefo suite of software, combined with its technical solutions expertise, enables its clients to gain a deeper understanding of customer sentiment, behaviour and intent, empowering them with insights to make better business decisions and improve

their return on investment. With 96% of customers relying on reviews to purchase, Feefo also creates trust between consumers and businesses by adopting a unique approach to only collect verified reviews from real people.

Feefo's agile platform is trusted by more than 5,000 brands globally, who rely on it to supply smart insights that transform their customer experiences and ultimately see better outcomes.

Get in touch

Please drop us a line to find out how Feefo can help protect your company and its customers against fake reviews:

Call **+44 203 362 4209**

Email **sales@feefo.com**

feefo.com