Online reviews: a guide not a gospel

When it comes to online reviews, Australian consumers must be extra careful

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December 2019
Australians are spending more time & money online

Busy lives and the convenience of online shopping has more Australians than ever purchasing their products and services online. It’s estimated that we’ll spend $29.3 billion online in 2019, with a projected growth of 7.8% over the next five years to 2024.1 Globally, by 2020 e-commerce trade will reach a whopping $4 trillion.2

This trend is echoed by CPRC’s latest commissioned consumer research which found 97.3% of Australians are now shopping online.3 Our biggest online shopping periods are increasingly impacted by sales, most notably Black Friday and Cyber Monday in the lead up to Christmas as we buy gifts for families and friends (see Graph 1).

While this online world might be good for many of us, Australians on low incomes or those with only mobiles to navigate the internet are less digitally included and less able to access these online products and services.

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Graph 1 - The sales effect: online shopping in the lead up to Christmas (Auspost, 2019)4

3. This paper draws on the research findings of a nationally representative online survey of 1400 Australians conducted with Dr Adrian Camelleri, UTS, in May 2019.
4. Australia Post, Inside Australian Online Shopping, p. 11.
5. The 2019 Australian Digital Inclusion Index (ADII) found low income Australian households still have a significantly lower digital inclusion score compared with high-income households.5 The 4 million Australians who only connect to the internet via their smart phone also score significantly lower the national average.6
6. The research identified 4 million Australians who only connect to the internet via their smart phone – scored 43.7 on the ADII, 18.2 points lower than the national average (61.9) see Thomas et al., Measuring Australia’s Digital Divide, 2019, p. 6.
Online reviews are being increasingly relied upon

When buying goods online, we increasingly rely on the views and opinions of other consumers to help us determine if products are good or bad. Reviews can come in many forms – star ratings, verbatim comments, ratings out of 10 and thumbs up or down. They can be created by almost anyone and there’s a growing cottage industry running behind how products are ranked or recommended.

When buying a new product, visiting a restaurant or hotel or using a service in the past 12 months, 82% of Australians looked at online reviews or ratings at least sometimes, with over a third of us (35%) “always” or “mostly” looking at reviews or ratings.

When choosing to buy an item, the vast majority of us (80%) still consider in store browsing the most important source of information. However, almost as many Australians consider online reviews (70%) as important as word of mouth from friends and family (73.3%). Slightly fewer Australians (67%) considered government advice or expert reviews as important when learning about new products and services.

We also like to use reviews to test in store prices, with 80% of Australians surveyed going online to look up reviews or search for a better price while shopping in-store. We generally seek out the views of others online primarily to avoid bad outcomes (64%), or to help make the right decision (41%) when making a purchase.

In the past 12 months, 82% of Australians have looked at online reviews. 70% considered online reviews as important as word of mouth from friends and family. 1/3 admitted to not thinking about the accuracy and bias of information when browsing online.

 Consumers aren’t good at navigating the truth

While online word of mouth is an increasingly intrinsic part of how we shop, our research finds we’re also not that good at navigating the truth.

The majority of us are aware that fake reviews exist, with 65% of our respondents thinking it was moderately or extremely likely they’d read a fake review in the past year. However, only 18% of consumers surveyed admitted they weren’t good at detecting fake reviews – Dr Adrian Camilleri has argued this suggests the majority of consumers are overconfident in their own ability to distinguish real from fake reviews. Almost a third (32%) of Australians admitted to not really thinking about the kinds of information when browsing online.

19% of us “don’t really think about whether or not sites have accurate or unbiased information”, instead we choose to use sites “we like the look of”. Concerningly, 12% of those surveyed thought that if websites “have been listed by the search engine” they’d have “accurate and unbiased information”.

The demographics of those found least likely to think critically about the accuracy of search results were millennials, those with lower levels of education, and concerningly, those who shopped online more frequently than others. These consumers may be more at risk of being misled by malicious online websites.

Our research supports the findings of Swinburne University of Technology researchers that almost 2 in 5 Australians were unable to distinguish between a paid-for ad (marked by an “Ad” notification in orange) and an organic search result conducted through Google’s search engine. Those with graduate or post-graduate qualifications (71%) were better able to identify sponsored content compared with those without a tertiary education (51%). However, these results highlight that nearly a third (29%) of even tertiary educated Australians had difficulty differentiating organic results from paid ads.

10. Ibid.
Navigating the truth is becoming more difficult

It’s not surprising we find navigating online information tricky. According to some estimates, a third of Trip Advisor reviews are fake, while more than half of reviews in certain categories on Amazon are fake — estimates that both companies contest.  

While most of us have read and rely on reviews and ratings, few of us write reviews or leave ratings for products and services we’ve purchased. Only 15% respondents reported they provided a rating “always” or “most of the time” in the past 12 months, while only 10% reported writing a review “always” or “most of the time” over the same period. The relatively small number of reviewers can result in inaccurate information being relied on – typically more extreme ratings or reviews, as a result of a particularly good or bad experience with a business or its product.

Negative reviews can be extremely useful in helping others avoid a bad purchase and flag a dodgy operator, however businesses may try to undermine competitors with a bad review. And while good reviews can help to provide consumers with confidence when buying, there is evidence of a booming market for fake reviews, to help businesses secure a higher overall to undermine competitors with a bad review.

Companies have realised the value of reviews and ratings to help inform our online shopping purchases – websites such as TripAdvisor, eBay and Amazon rely on consumers’ providing ratings and reviews as a key driver of sales. According to analysis by e-commerce consulting firm Pattern, an increase of just one star in a rating on Amazon can improve sales by 26 percent.

A web of confusing practices are increasingly being deployed by those wanting to game search results, influence the ranking of products and services and presentation of reviews. These malicious actors have adopted a range of tactics to make it harder to navigate reviews and ratings online, and undermine the value of genuine reviews. We outline a few key tactics on the following page.

Companies are trying to prevent negative reviews

Companies have cottoned on to the value of consumer reviews in making purchase decisions, and some have sought to deliberately withhold/block negative reviews written by consumers. In mid-2018, the ACCC fined Meriton Apartments $3 million for preventing consumers from submitting negative reviews on TripAdvisor, by “masking” the emails of customers they suspected would provide negative reviews.

This year in the US, the Federal Trade Commission has taken action against five companies who included provisions in their standard form contracts that barred consumers from providing negative reviews, contravening the Consumer Review Fairness Act.

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Review boosting

When seeking information, a third (34%) of Australians in our sample sought a five-star review first. Creating fake positive reviews or ratings can help to ensure a business or product is in the top search results. Examples of dodgy and misleading review boosting in recent times include:

- In 2018, the ACCC instituted proceedings against Seekservice on the basis that its ‘Fast Feedback’ feature allowed businesses to rate themselves. While this mechanism was intended to address the issue of consumers failing to provide a rating of small trade businesses, the ACCC alleges this was misleading, as at least 80% of ‘Fast Feedback’ reviews were not written or approved by customers.19
- In 2019, the UK’s Competition and Markets Authority (CMA) raised concerns about groups on eBay and Facebook openly offering to provide fake reviews for a fee. From a web sweep between November 2018 and June 2019, over 100 eBay listings were identified offering fake reviews for sale and a further 26 Facebook groups where people offered to write fake reviews or businesses recruited people to write fake and misleading reviews on popular shopping and review sites.
- In the US, the Federal Trade Commission (FTC) recently settled a case with a skincare company — Sunday Riley Skincare — finding that employees and interns had been directed by CEO Sunday Riley to create fake Sephora accounts and post fake reviews/ratings to boost the company’s listings. The FTC also found evidence that Riley had directed employees to “dislike” negative reviews in order to discredit genuine negative reviews.20
- Amazon continues to address the issue of fake reviews through the “verified purchase” labels introduced in 2016 for customers who have purchases confirmed with a delivery to their address. However in November 2019 BuzzFeed News reported on new schemes emerging to circumvent these measures.21 BuzzFeed interviewed one woman “Jessica” who bought hundreds of cheaply made products, provided five-star reviews (regardless of quality) in exchange for reimbursement from sellers via Paypal or Amazon vouchers. “Jessica” initially connected with sellers via private Facebook groups advertising free or discounted products, and now connects via rebate platforms, such as RebateKey.22 BuzzFeed reported her fraudulent reviews went undetected by Amazon, despite obtaining Amazon’s “verified purchase” label.23

Negative reviews and review bombing

CPRC’s research found that approximately 70% of consumers believe that fake reviews are likely to be positive reviews. This suggests we are far less aware of the dangers of fake negative reviews. Just as positive reviews can be bought, so too can negative reviews. In one survey 38% of business owners reported an experience of an untrue report posted on their listings and 33% reported a competitor had left a review on their listings.24 Negative reviews can be particularly difficult for businesses to address where they are anonymous. Examples of review bomb include:

- News.com recently reported claims from businesses that they were being “blackmailed” by consumers via review website productreview.com — consumers threatened to provide negative reviews unless they were provided with free replacements for products they had damaged themselves or where consumers were unhappy with the quote provided by the business.25
- Review bombing reflects more concerted efforts to affect the overall rating of computer games, movies and TV, books, and businesses — particularly restaurants.26
- In some cases it derives from widespread dissatisfaction with the product or content itself — as in the case of computer game Fallout 76.27 In other cases, such as the review bombing of Captain Marvel ahead of release due to the inclusion of Brie Larson as the first lead female superhero in Marvel’s Universe, or restaurant Red Hen refusing to serve Trump’s press secretary Sarah Sanders,28 reflects the growing political polarisation and division on the internet.29 Both Steam, the primary online platform for computer games, and Rotten Tomatoes, a TV and movie review aggregator, have recently put in place mechanisms attempting to manage review bombing, and prevent pre-emptive review bombing.30

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22. Ibid.
30. Susana Polo, “Rotten Tomatoes will no longer allow audiences to review movies before release”, Polygon, February 26, 2019 https://wwwpolygon.com/2019/2/26/18241312/rotten-tomatoes-movie-review-changes
What to look out for as a consumer

There is no hard and fast answer to what constitutes a fake review but consumers can take heed of the following tips from UK consumer group WHICH? to help avoid being misled online:

1. **Take extra care shopping for brands you don’t know**
   Scrutinise customer reviews even more carefully if you’re looking to buy a brand you don’t recognise as our research indicates they are significantly more likely to be affected by fake reviews.

2. **Be suspicious of very large numbers of reviews/ratings**
   If you see hundreds or even thousands of reviews – be suspicious, especially if they are largely positive.

3. **Look at the dates**
   If a product or service has a large number of reviews posted on the same day, or in a short period of time, it’s possible that they are fake – especially if they are also unverified.

4. **Look for repetition**
   If you see the same review titles, repetitive phrases or even the same reviewer name appear more than once on a product, it’s very likely that it has been targeted by fake reviews.

5. **Filter to check for unverified versus verified reviews**
   Reviews marked as ‘verified’ are those that Amazon can confirm were purchased at its website. Unverified reviews do not undergo any such checks. Therefore, unverified reviews are far easier to ‘fake’ – in that they could be written by someone who has had no experience at all with the product.

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31. Hannah Walsh, "Thousands of 'fake' customer reviews found on popular tech categories on Amazon", WHICH?, April 16, 2019
   https://www.which.co.uk/news/2019/04/thousands-of-fake-customer-reviews-found-on-popular-tech-categories-on-amazon/
Other tips drawn from CRPC’s research include:

1. **Check the profile of the reviewer**
   CPRC found that 33% of Australians respondents said they “never” looked at the reviewer’s profile page. If reviewers have recently joined the platform, provide extreme (5 star or 1 star review or rating), haven’t included few profile details, and haven’t left many or any other reviews – their review may not be legitimate. Also check the average rating of a reviewer – an average of 5 or 0 (out of 5) might be cause for concern.

2. **Seek a review from a second site, or expert opinion**
   Seek a review from another site, it’s unlikely reviews will be faked on different sites. Better yet, see if there is a review from an expert reviewer – such as CHOICE or CNET – who make it their business review hundreds of products and services. They provide more detailed reviews, often in comparison with other similar goods or services.

3. **Look for subjective views and anecdotes**
   Reviews that focusing on product attributes and features may be more fraudulent “the speaker has excellent 12 hour battery as advertised”, whereas reviews that include subjective or anecdotal characteristics – “the waterproof speaker was great on the beach at Christmas – still works after Baz spilt his beer on it” are more likely to be legitimate.
What policymakers can do to create a fairer online shopping experience

Online reviews are likely to remain problematic for consumers as marketplaces move online and review-based platforms grow in prominence. Regulators should review online reviews in light of defamation law, consider stronger enforcement of misleading and deceptive conduct protections, and might develop and test more stringent guidelines for review platforms.

Our research demonstrates the demand for information about the quality of products and services. The majority of Australians rely on the views of other consumers to address information asymmetries about the quality of products and services.

The nature of online reviews and ratings as a disclosure protection is inherently problematic—far fewer consumers provide reviews/ratings than rely on them. Moreover, the value of this information has created incentives to create fake reviews, primarily to boost the listing of a business’s own product or undermine the listing of a competitor.

Trusted information about the quality of service provided by a business can be extremely valuable and useful to consumers. Regulators around the world are looking to complaints data, regulatory breach data and other measures to more clearly report on the quality of products and services in a market.

For example in the US, the Better Business Bureau provides businesses with a customer facing rating grade from A+ through to F—according to information BBB is able to obtain about the business, including complaints and reviews received from the public. In the UK, Citizens Advice has created a customer service rating for energy providers, based on regulatory complaints data.

In Australia, the Australian Financial Conduct Authority recently released comparable complaints data for financial institutions, enabling researchers to compare the customer service outcomes for consumers at different banks. These sorts of initiatives could be more widely adopted to provide consumers with reliable quality information.

CPRC’s research found more consumers trust government or regulator information and ratings (77% said “a moderate amount” to “a lot”) than other consumers online reviews (73%). Regulators and policymakers should draw on performance and complaints data and make these measures publicly available to aid consumer choice.

Our research found that policymakers and regulators can enhance trust, consumer choice and competition by:

1. Developing clear, comprehensible and comparable measures of product and service quality and safety
2. Conducting rigorous consumer testing of measures of service quality
3. Increasing transparency to improve industry performance
4. Ensuring data sources are available for the public good

Making this information either available directly to consumers, or to other independent research and consumer organisations to develop customer-facing review services can go a long way to addressing the online information gap currently out there in the marketplace.
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