FTC busts Amazon seller for buying reviews

The Federal Trade Commission has announced a settlement with an Amazon seller that bought fake reviews of its product, a weight-loss supplement. The company, Cure Encapsulations, reportedly purchased the fraudulent reviews from AmazonVerifiedReviews.com.

A bad actor returns. That same entity, AmazonVerifiedReviews.com, was sued by Amazon itself in 2016, along with several other fake review vendors. According to that Amazon suit, "[AmazonVerifiedReviews.com's] website claims that he offers 'only a platform that links reviewers to business owners.' In reality, however, for a fee, [it] guarantees a certain review length will be posted along with a 4 or 5 star rating."

Buying 5-star reviews. The FTC said in its complaint against Cure Encapsulations that the company paid AmazonVerifiedReviews.com to generate 5-star ratings in an effort to deceive the consumer public.

The FTC's proposed court order provides:

- That Cure Encapsulations no longer misrepresent the benefits of the product
- That it notify consumers who bought the product of the FTC's allegations
- That it notify Amazon that it had bought the fake reviews and identify the fake reviews themselves to Amazon
- A judgment of $12.8 million, "suspended upon payment of $50,000 to the Commission and the payment of certain unpaid income tax obligations."

Previous third-party analysis of fake reviews on Amazon have

found them to be pervasive. According to Fakespot, a tool that grades Amazon reviews for authenticity, fraudulent reviews dominate certain product categories. For example, the company found that 61 percent of review content in the electronics category was fake. The number was 63 percent for beauty and 64 percent for supplements.

It’s not just Amazon. There’s also a fake review problem on Google.

Why you should care. Given how much consumers rely on reviews to make purchase decisions (and how they’ve become a ranking factor) unscrupulous sellers and business owners will continue to try and game the system by buying or aggressively incentivizing positive reviews. Consumers have uneven awareness of the problem, although a 2017 BrightLocal survey found that nearly 80 percent of people thought they had encountered fake reviews online.

This FTC settlement could be the opening of a new enforcement front against review fraud. But it will take more high-profile cases and big penalties to discourage some of these practices. And given that Amazon and Google bear no liability for fake reviews on their platforms, they have limited incentives to crack down.

About The Author

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