



Office of Commissioner
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UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

STATEMENT OF COMMISSIONER REBECCA KELLY SLAUGHTER

*Regarding Advance Notice of Proposed Rulemaking
for Trade Regulation Rule Concerning Reviews and Endorsements*

October 20, 2022

Online reviews and endorsements of products and services play a powerful role in influencing consumer choices. From 1996 to 2018, 233 million product reviews were posted on Amazon alone.¹ Last month, my own fridge unexpectedly broke down and I had to scramble to find a repairman. Like many consumers, I relied on online reviews and other endorsements to decide whom to hire for this important task. The importance of consumer reviews to modern commerce makes the problem of fake and deceptive reviews even more pernicious. Companies like Yelp flag about 25% of reviews as “less reliable” and a recent report found that 10.7% of all Google reviews are fake.² These practices harm not only consumers, but also mom-and-pop businesses, like my new and excellent appliance repairman, who rely on online reviews to attract new customers.

So, I’m pleased to support today’s publication of this Advance Notice of Proposed Rulemaking on Reviews and Endorsements to help ensure that people have accurate information about the products and services they buy. The ANPR asks important questions about the prevalence of these practices. Our inquiry here asks questions about practices from fake reviews by non-existent people, or people who have never actually used the product, to review suppression, and the practice of buying followers or subscribers as an indicator of social media influence.

I hope that an open inquiry into these practices will also be illuminating for the Commission. I’m troubled by the lack of transparency by platforms and the subsequent difficulty in addressing consumer harm. Companies like Amazon, for example, claim that less than 1% of their reviews are inauthentic, but this stands in stark contrast to consumer experiences and third-party estimates.³ Deceptive reviews waste people’s time and money. A recent survey has found

¹ See Jianmo Lee et al., Justifying Recommendations using Distantly-Labeled Reviews and Fined-Grained Aspects, Empirical Methods in Natural Language Processing (EMNLP) 2019, <https://research-it.wharton.upenn.edu/data/amazon-user-review-database/>.

² See Ryan Kailath, “Some Amazon Reviews Are Too Good to Be Believed. They’re Paid For,” NPR (July 30, 2018), <https://www.npr.org/2018/07/30/629800775/some-amazon-reviews-are-too-good-to-bebelieved-theyre-paid-for>; Greg Sterling, “Fake Reviews: How Big a Problem Exactly?,” Uberall (Oct. 28, 2021), <https://uberall.com/enus/resources/blog/how-big-a-problem-are-fake-reviews>.

³ See *id.*

that consumers estimated having wasted about \$125 in the prior year due to “inaccurate” reviews.⁴

The FTC’s work on fake reviews and endorsements is a great example of our “every tool in the toolbox” approach to deterring unlawful conduct in the market. Our Endorsements Guides have been helpful in setting expectations for market participants about our enforcement priorities in this area. After the loss of our Section 13(b) authority the Commission announced a revised Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials last year, allowing the agency to collect civil penalties from those law violators to whom we have provided notice. And now, with this vote, we’ve begun the process of considering rules that could help ensure that consumers can trust the information they use to buy goods and services, online and offline.

I want to thank BCP’s Division of Advertising Practices and the Office of the General Counsel for their partnership and hard work in developing this ANPR. [In particular, Michael Ostheimer, Michael Atleson, Marie Choi, Josephine Liu and BCP and OGC leadership.] I look forward to hearing more from the public.

⁴ Canvas8, “The Critical Role of Reviews in Internet Trust,” 2020, Feb. 26, 2020, <https://business.trustpilot.com/guidesreports/build-trusted-brand/the-critical-role-of-reviews-in-internet-trust>.