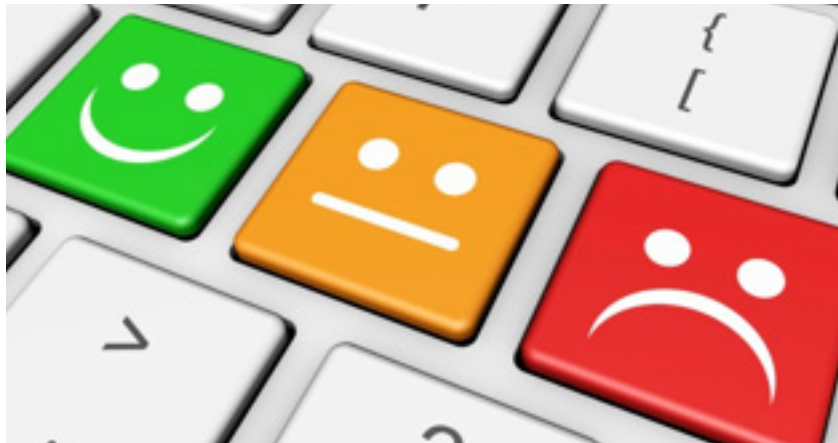


Risk Management: Online Reviews and Endorsements



Introduction

You should understand how to deal with online reviews and endorsements, ensuring you comply with Principle 3 of the CILEx Code of Conduct which says that you must 'behave with honesty and integrity'.

Online reviews and endorsements can help consumers make shopping decisions about goods and services, particularly where quality is hard to assess before making a purchase. They can help consumers make decisions faster, with more confidence and can boost competition. It can be easier for small businesses and new entrants to enter a market or expand.

However, there is potential for reviews and endorsements to mislead consumers and distort their decisions. This can be detrimental to both consumers and businesses.

Reviews

A review is a consumer's opinion of a product, service or business. These are found online on specialist review sites and also on the websites of many legal firms, retail platforms, and trusted trader schemes.

It is estimated that more than half of UK adults use reviews, considering them a trusted and important source of information for buying decisions. Most consumers find the product purchased matched their expectations from the review.

Issues with reviews:

- Businesses generating fake positive reviews: mislead consumers and their competitors lose custom.
- Businesses generating fake negative reviews: affects consumer choice and can be particularly harmful to small businesses (particularly in the hospitality industry).
- Sites "cherry-picking" positive reviews, or suppressing negative reviews, without making it clear that only a selection of reviews is presented.
- Moderation processes leading to some genuine negative reviews not being published. Some sites encourage businesses to resolve, rather than publish, a complaint. In this way, a full picture of the business is not provided.

Endorsements:

An endorsement is a positive comment about a product, service or business, which appears to the reader/viewer to be the writer's/speaker's own opinion and/or experience. These can be found online in articles, blogs, vlogs and social media, as well as on review sites.

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These are read for entertainment as well as making a purchase and it is estimated that about 6% of UK consumers make purchases after reading about them in a blog/vlog. Consumers who have made purchases tend to trust the blogger/vlogger's opinions, some of whom make it clear that they have been paid.

Issues with endorsements:

- Paid advertising or sponsored content that is not obvious and identifiable to consumers.
This may:
- Breach legislation.
- May lead to consumers choosing a product/service that does not best suit their needs.

What entities should do

Entities (or those acting on their behalf) which might have their products/services reviewed by consumers; or may wish to promote (have their products/services endorsed) online should:

- Not pretend to be a consumer and write fake reviews.
- Ensure that advertising and paid promotions are clearly identified.

Review sites should:

- Be clear about how reviews are collected and checked.
- Publish all reviews, provided they are lawful, and explain the circumstances in which reviews might not be published or might be edited.
- Avoid unreasonable delay before reviews are published.
- Disclose any commercial relationships with businesses on their site and explain how this might affect rating/rankings.
- Ensure that advertising and paid promotions/reviews are clearly identified.
- Have procedures to detect and remove fake reviews and respond promptly to reports of suspected fake reviews.

Bloggers should:

Ensure paid-for content (financial or otherwise) on their sites is clearly identified as such to consumers.

In respect of both reviews and endorsements:

Entities should review their business models, processes, and practices and consider whether they need to make any changes in order to help them comply.

Further support

The Competition & Markets Authority has produced 3 "60-second summaries" for businesses to help them comply with their legal obligations.

These can be found at GOV.uk under online reviews and endorsements: advice for businesses

Online Reviews

www.gov.uk/government/publications/online-reviews-and-endorsements-advice-for-businesses

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