



The New York Times

TECHNOLOGY

For \$2 a Star, an Online Retailer Gets 5-Star Product Reviews

By DAVID STREITFELD JAN. 26, 2012

In the brutal world of online commerce, where a competing product is just a click away, retailers need all the juice they can get to close a sale.

Some exalt themselves by anonymously posting their own laudatory reviews. Now there is an even simpler approach: offering a refund to customers in exchange for a write-up.

By the time VIP Deals ended its rebate on Amazon.com late last month, its leather case for the Kindle Fire was receiving the sort of acclaim once reserved for the likes of Kim Jong-il. Hundreds of reviewers proclaimed the case a marvel, a delight, exactly what they needed to achieve bliss. And definitely worth five stars.

As the collective wisdom of the crowd displaces traditional advertising, the roaring engines of e-commerce are being stoked by favorable reviews. The VIP deal reflects the importance merchants place on these evaluations — and the lengths to which they go to game the system.

Fake reviews are drawing the attention of regulators. They have cracked down on a few firms for deceitful hyping and suspect these are far from isolated instances. “Advertising disguised as editorial is an old problem, but it’s now presenting itself in different ways,” said Mary K. Engle, the Federal Trade Commission’s associate director for advertising practices.

“We’re very concerned.”

Researchers like Bing Liu, a computer science professor at the University of Illinois at Chicago, are also taking notice, trying to devise mathematical models to systematically unmask the bogus endorsements. “More people are depending on reviews for what to buy and where to go, so the incentives for faking are getting bigger,” said Mr. Liu. “It’s a very cheap way of marketing.”

By last week, 310 out of 335 reviews of VIP Deals’ Vipertek brand premium slim black leather case folio cover were five stars and nearly all the rest were four stars. The acclaim seemed authentic, barring the occasional indiscretion. “I would have done 4 stars instead of 5 without the deal,” one man bluntly wrote.

VIP Deals, which specializes in leather tablet cases and stun guns, denied it was quietly offering the deals. “You are totally off base,” a representative named Monica wrote in an e-mail.

But three customers said in interviews that the offer was straightforward. Searching for a protective case for their new Kindle Fire, they came upon the VIP page selling a cover for under \$10 plus shipping (the official list price was \$59.99). When the package arrived it included a letter extending an invitation “to write a product review for the Amazon community.”

“In return for writing the review, we will refund your order so you will have received the product for free,” it said.

Anne Marie Logan, a Georgia pharmacist, was suspicious. “I was like, ‘Is this for real?’ ” she said. “But they credited my account. You think it’s unethical?”

While the letter did not specifically demand a five-star review, it broadly hinted. “We strive to earn 100 percent perfect ‘FIVE-STAR’ scores from you!” it said.

The merchant, which seems to have no Web site and uses a mailbox drop in suburban Los Angeles as a return address, did not respond to further requests for comment. As of last week, the company (as opposed to its products) had received 4,945 reviews on Amazon for a nearly perfect 4.9 rating out of five.

Amazon is expected to sell 20 million Kindle Fire tablets this year, making the market for cases potentially enormous. But it is also bitterly competitive, with dozens of models in Amazon's Kindle showroom. With a modest investment, VIP pushed its product far above the competition, none of which had so much enthusiasm with so little dissent. Customers like Ms. Logan, who got something they had genuinely wanted for only a small shipping charge, were of course thrilled. And Amazon racked up more revenue.

Even a few grouches could not spoil the party. "This is an egregious violation of the ratings and review system used by Amazon," a customer named Robert S. Pollock wrote in a review he titled "scam."

He was promptly chastised by another customer. This fellow, himself a seller on Amazon, argued that he had both given and gotten free items in exchange for reviews. "It is not a scam but an incentive," he wrote.

Under F.T.C. rules, when there is a connection between a merchant and someone promoting its product that affects the endorsement's credibility, it must be fully disclosed. In one case, Legacy Learning Systems, which sells music instructional tapes, paid \$250,000 last March to settle charges that it had hired affiliates to recommend the videos on Web sites.

Amazon, sent a copy of the VIP letter by The New York Times, said its guidelines prohibited compensation for customer reviews. A few days later, it deleted all the reviews for the case, which itself was listed as unavailable. Then it took down the product page itself.

Asked why Amazon did not seem to notice that at least a few consumers called into question the VIP deal on its own site, a spokeswoman declined to comment. Nor would she say exactly what happened to VIP's other products, like the Vipertek VTS-880 mini stun gun, which also disappeared from the retailer.

The gun, like the Kindle case, received nearly all five-star reviews. "I bought one for my wife and decided to let her try it on me," one man wrote in a typical display of the sort of effusiveness that VIP inspired. "We gave it a full charge and let me just say WOW! Boy do I regret that decision."

A version of this article appears in print on January 27, 2012, on page A1 of the New York edition with the headline: For \$2 a Star, an Online Retailer Gets 5-Star Product Reviews.

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