

## Research Note

# Astroturfing: 21<sup>st</sup> Century False Advertising

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*Keywords: Astroturfing, False Advertising, Online Consumer Reviews, Reputation Management*

*Abstract: Astroturfing refers to manufacturing public opinions through anonymous Internet comments, stories or websites that promote misinformation in an attempt to sway consumer opinion or behavior. The concept behind astroturfing is not new. As long as there has been economic competition, people and businesses have sought ways to differentiate themselves from their rivals. The term has found its way into popular press recently thanks to New York Attorney General, Eric T. Schneiderman. In September of 2013, he unveiled the results of a yearlong undercover investigation into the practices of reputation management and online false endorsements. This paper discussed how government policies, the law, and individual ethical decision-making can collectively help to make online review sites more reliable for consumers.*

### Introduction

When one hears the term astroturfing, the image that likely comes to mind is that of the green synthetic turf found on many sports fields. AstroTurf® was invented in 1964 as a substitute for the grass that could not survive in indoor stadiums.<sup>1</sup> In 1985, U.S. Senator Lloyd Bentsen gave the term new meaning when, in response to enormous amounts of mail his office received that promoted the interests of insurance companies he said, “a fellow from Texas can tell the difference between grass roots and AstroTurf...this is generated mail.”<sup>2</sup> Bentsen used the word astroturf often and is credited with establishing its association with deception, particularly within the political arena. In the age of the World Wide Web, the modified term “astroturfing” refers to manufacturing public opinions through anonymous Internet comments, stories or websites that promote misinformation in an attempt to sway consumer opinion or behavior.<sup>3</sup>

The Internet has “once and forever transformed how information is produced, accessed, and distributed” which has made astroturfing more economical and prolific.<sup>4</sup> With the development of Web 2.0, (the



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second generation of the Internet which combines concepts and technologies that enable user collaboration and the sharing of user generated content,<sup>5</sup> anyone can participate in the creation and dissemination of information by posting his or her own material.<sup>6</sup> This means that fake information can be posted on the web quickly, inexpensively and on a much grander scale.

The subject of astroturfing has found its way into popular press recently thanks to New York Attorney General, Eric T. Schneiderman. In September of 2013, he unveiled the results of a yearlong undercover investigation into the practices of astroturfing, reputation management, and online false endorsements. The investigation, called Operation Clean Turf, saw representatives of the Attorney General's office posing as the owner of a yogurt shop located in Brooklyn.<sup>7</sup> They contacted well-known search engine optimization (SEO) companies in New York with requests for assistance in combating negative reviews on websites such as Yelp, Google Local, and Citysearch in order to ascertain how astroturfing practices are conducted. The investigation also highlighted several small businesses - for example, a nightclub, a dental office, and beauty salons - that were engaging in false advertising practices. In the end, 19 companies were assigned fines. These ranged from \$2,500 to \$100,000, for a total of \$350,000 in penalties. In addition, all of the firms entered into an assurance of discontinuance

<sup>i</sup> with regard to their illegal behavior.

The concept behind astroturfing is not new. As long as there has been economic competition, people and businesses have sought ways to differentiate themselves from their rivals. Sometimes this creates healthy competition and at other times, it can bring about questionable practices. When comparing businesses on the web, how does one know that the information he or she is reading, or perhaps relying on, is in fact legitimate? Some may say that everything on the Internet should be taken with a grain of salt; however, there is evidence that people, particularly consumers, do in fact make assessments based on information that is gleaned from the Web.

Research indicates that consumers rely on reviews to make decisions about products and services. A 2013 study conducted by BrightLocal found that 85 percent of consumers read online reviews for local businesses. The same study indicates that 67 percent of consumers peruse six or fewer reviews before they feel they can trust a business.<sup>8</sup> In another survey by Cone, results indicated that 87 percent of consumers said that a favorable review cemented the decision to make a purchase while a negative review

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<sup>i</sup> An assurance in writing that a person will not engage in the same or in similar conduct in the future.



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caused them not to press the buy button.<sup>9</sup> A study by Maritz Research learned that 75 percent of participants (there were 3,404) believed that the information posted on rating sites tends to generally be fair.<sup>10</sup>

In the travel industry, one comes to understand just how much clients rely on consumer review sites. When a client receives a prospective itinerary from a travel agency, that person may compare the recommended accommodations' ratings on sites like TripAdvisor. If a hotel or lodge has recently received unfavorable reviews, the client may ask to be booked at a different property. The places a travel agency might recommend are often based on the personal experience of employees, but when a client wants to stay elsewhere and it is a place that unfamiliar to staff, an agency may defer to the clients wishes, but not before issuing a caveat. Customers go to travel agencies for the professional level of travel and trip planning expertise, but those recommendations are sometimes verified by the opinions of strangers.

Given the data provided in these studies and the ease with which reviews can be accessed, people know that reviews influence the decision making process. This is what makes astroturfing so tempting and the reason why some businesses employ it in marketing plans. Evidence of this practice is found in many countries and almost every industry as well as in both small and large organizations.

In 2010 Orlando Figes, a professor of Russian history, decided to post reviews on amazon.co.uk under the pseudonym, Historian. He praised his own books as "fascinating" and "uplifting"<sup>11</sup> while concurrently posting reviews that criticized the writings of fellow historians. One of his peers, Rachel Polonsky, was a recipient of his critiques.<sup>12</sup> Through her own detective work, she surmised that Figes was the author of these fake reviews, but when she confronted him about it, he accused her of libel. Figes later said that his wife was the architect of the comments before later admitting to being the mastermind behind the entire plan. He then apologized, took sick leave from his teaching job and agreed to pay an undisclosed amount for damages and legal fees to all the authors that Historian had reviewed.

At the beginning of 2013, the South Korean technology company, Samsung, hired students to post comments recommending Samsung phones and asked that they write negative reviews about its biggest rival, HTC. Once the Taiwanese Fair Trade Commission began an investigation into Samsung's marketing practices, the company responded by saying that what happened was "'unfortunate' and that there was 'insufficient understanding' of the 'fundamental principles' of the company's online procedures"<sup>13</sup>. The company claimed that it stopped its activities once the investigation was launched, but

in reality Samsung hired more people to write more negative posts.<sup>14</sup> As a result, the Taiwanese Fair Trade Commission fined the company \$340,000 and two other companies \$100,000 each for their contributions to the marketing sham.

Inherently, people know that this myopic thinking is immoral and unethical, even if they are unaware of the fact that astroturfing is illegal. Since the purpose of this behavior is to deceive, moral reasoning would indicate that this is clearly the wrong action to take.<sup>15</sup> Ethically, this practice is negligent because the voluntary choice of one person can have repercussions that spread mistrust within society. In fact, it goes against the utilitarian ideals that promote acting in a way that increases well-being within a community.<sup>16</sup> Yet when it comes to economic gain or an opportunity to boost one's reputation, some are willing to set aside those morals and ethical principles in an effort to attain greater financial status and prestige.

A 2013 Harvard Business School and Boston University study, which focused on Boston area restaurants and Yelp reviews, found that a one star increase on Yelp could translate into a five to nine percent jump in revenue for a restaurant.<sup>17</sup> Not surprisingly, the study also found that businesses with few reviews are more likely to post a review that boosts their image and companies with dwindling reputations are more likely to post fake positive reviews about their businesses. In another study, Christopher Anderson, an associate professor at Cornell University, researched the impact of social media on hospitality industry sites such as Travelocity, TripAdvisor, STR and Review Pro. His findings indicated three key things: 1) the number of consumers who peruse reviews on TripAdvisor before booking a room has steadily increased over time; 2) data from Travelocity indicate that if a hotel increases its ratings by one star—on a five star scale—a hotel can increase the price of a room by eleven percent and maintain its market share; 3) a one percent increase in the reputation score can bring about a half percent increase in occupancy and about a one and a half percent increase in revenue.<sup>18</sup>

Perhaps the most significant factors in astroturfing behavior are the reach and anonymity that is provided by the Internet. Social media platforms such as Facebook and Twitter, blogs, and consumer review sites enable millions to opine on just about any topic. Behind the guise of an online profile, people enjoy an inconspicuousness that may encourage them to act in such as way or voice an opinion they may not normally reveal in a face-to-face environment. Thus, the combination of online consumer behavior, the hope of fiscal reward and the infrastructure of the Internet present an opportunity that some find too hard to resist.

Once the decision has been made to engage in this behavior, astroturfing campaigns can run the gamut from easily implemented, straightforward modes to highly complex methods, necessitating some type of persona management software. On the small-scale side of the spectrum, a business may instruct its employees to create fake profiles and write reviews for social media or consumer review websites. It may even enlist the assistance of an SEO company to increase the number of reviews on a site or drown out any negative information about the company that is currently present on the Internet. This is the kind of behavior that Schneiderman’s investigation discovered. When his office’s fake yogurt shop called SEO companies for help, those firms offered to write fake reviews and post the comments on review websites. The SEO firms also hired freelance writers from the Philippines, Bangladesh, and Eastern Europe and paid \$1 to \$10 per review.<sup>19</sup> In addition, the investigation unearthed solicitations for review writers on websites such as craigslist.com, freelancer.com, and oDesk.com. These advertisements were seeking writers who were familiar with Yelp, could produce content without being flagged, and had multiple IP addresses. All of these requests indicated that the businesses that placed the ads knew the practice involved unethical behavior.

On the other end of the spectrum, larger companies that have funds and an understanding of persona management software can “create armies of virtual astroturfers, complete with fake Internet protocol (IP) addresses, non-political interests and online histories.”<sup>20</sup> Each profile has a name, email accounts, web pages, and social media outlets, which are updated automatically through retweets, and RSS feeds.<sup>21</sup> In some cases, the operator’s various IP addresses are randomized in such a way as to prevent it from appearing that one person is generating many posts. In other instances, each profile will have a static IP address to give the illusion that a fake persona is coming from the same computer every time.<sup>22</sup> The technology enables a relatively small team of humans to disseminate large amounts of misinformation easily and effectively.

Astroturfing is a widespread problem, one that will not be easy to fight. However, through government policies, the law, and individual ethical decision-making, a concerted effort can be made to make review sites more truthful for consumers.

From a policy standpoint, the Federal Trade Commission (FTC) is the entity in the United States that is responsible for consumer protection and regulates advertising, both online and offline. In 2009, the Commission updated its Guide to Endorsements and Testimonials to establish new rules about social



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media and word-of-mouth marketing. With the new regulation “‘consumer generated media outlets,’ such as blogs and other Internet media forms” must provide full disclosure of any “material connections” in association with a review.<sup>23</sup> This means that if anyone is paid for or given free products or services in exchange for the promotion of a business, this fact must be made public. The guidelines do not explain how to go about making this disclosure, but it is clear about the penalties, which may be up to \$11,000 per infringement.<sup>24</sup>

For the most part, the FTC takes a hands-off approach and tends to let industry regulate itself.<sup>25</sup> Fines will be issued for noncompliance, but only after a warning has been issued. The FTC will only proclaim a practice unfair if injury to the consumer cannot reasonably be avoided.<sup>26</sup> When the Commission does go after a company, it is usually a larger one, which is why the news of Schneiderman’s investigation was most welcome. According to Mary Engel (Associate Director for Advertising Practices at the FTC), “certain cases involving smaller local or regional businesses may be more appropriately resolved by a state attorney general’s office.”<sup>27</sup>

Legal action against astroturfing is rare and it generally does not generate much press; however, Schneiderman’s investigation may begin to change that. Because the defendants agreed to settle with the State of New York, the case does not set a legal precedent, but it is important for several reasons. First, it uncovered and brought to light the fraud, unfair and deceptive trading practices, and false advertising, of several companies at once. Secondly, the “settlements paint a clear roadmap for private litigation targeting what likely is rampant online fraud” and it may set the stage for “class theories to come into play.”<sup>28</sup> This means that private litigators can use the platform and arguments established by the attorney general to go after businesses on behalf of an individual or many individuals. Third, as the momentum for the crackdown on astroturfing builds, it may make it easier for larger businesses to become the focus of an investigation. Lastly, the settlement was made public and it garnered a considerable amount of press. Although the fines that were issued were relatively meager in comparison to the large amount of effort that went into documenting this behavior, it does send the message that this practice will not be tolerated.

From a business perspective, what can be learned from Schneiderman’s investigation? For firms that are unaware of astroturfing, this may bring about awareness of a problem that has been on the rise for several years. For companies that engage in this unethical and illegal practice, it lets them know that there can be financial risks in terms of fines and a decline in profits. However, the greatest risk that results from

astroturfing, and this is hard to quantify, is the decrease in consumer confidence in one's brand and the diminishing reputation that stems from that. Businesses "build their brands on trust, ethics and personal relationships as opposed to product attributes. A few false reviews for a new product or item may be easily forgotten, whereas the value clients place on peer reviews means that falsifying reviews could damage the firm irreparably."<sup>29</sup>

On an individual level, educating people about astroturfing allows them to be aware of the practice, not only to protect themselves as consumers, but also to serve as a reminder of professional ethics, which encompass the relationships with and the responsibilities they have toward customers, coworkers and employers.<sup>30</sup> At the end of the day it is one's ethics that "govern conduct and illuminate character," therefore understanding how astroturfing affects decision making from a consumer perspective can discourage the practice when that same person is considering how to promote a product or service to the public.<sup>31</sup>

According to Gartner, a technology research firm, ten to 15 percent of social media reviews in 2014 will be fake or paid for by companies.<sup>32</sup> However, the firm believes that increased media exposure of astroturfing and better government regulations will help to restore consumer trust in review and ratings websites. Others feel that public shaming will make astroturfing riskier and may therefore reduce its prevalence.<sup>33</sup> Considering these beliefs, the most significant outcome of Schneiderman's actions is that it has put astroturfing on the radar of other state attorney generals and the general public. Increased action from the states will raise the profile of this unethical behavior on the federal level, which means that it will garner more support from the government. With greater support from the government, regulations that are more robust can be put in place to penalize those who engage in this practice. Schneiderman has raised the bar and set a great example for others to follow. It will be interesting to watch how the law continues to adapt to the practice of astroturfing.

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