ApartmentRatings

SatisFacts

REPUTATION RISK MANAGEMENT

A QUALITATIVE ANALYSIS OF THE QUEST FOR TRUTH IN THE FACE OF REVIEW FRAUD

Contents

Introduction

In today's digital age, online reviews play a pivotal role in the apartment hunting process.

Multifamily operators have leveraged reviews to enhance placement in search engine results and attract potential renters. However, review fraud and deceptive review cultivation practices threaten the integrity of these reviews, leading to misguided rental decisions, resident dissatisfaction, and reputational damage.

Understanding how renters perceive and interact with online reviews, especially in the presence of review fraud, is crucial for reputation risk management, enhancing resident satisfaction, and reducing turnover.

A Growing Public Concern

As the popularity of online reviews has grown, so has the problem of fraudulent reviews, often posted by individuals who have yet to use the product or service or by customers paid or incentivized to write them. Deceptive review cultivation practices, including unethical tactics like reviewing gating software, further exacerbate this issue. These deceptive practices create an uneven playing field, erode consumer trust, and significantly alter how consumers use and interact with online reviews. Regulatory bodies like the US Federal Trade Commission (FTC) are taking steps to prohibit these practices, seeking to ban the creation and purchase of fake reviews and the suppression of genuine reviews through new rules and emerging detection tools.

Google Reviews

Google removed 115 million rule-breaking reviews from Google Maps in 2022, a 20% increase from the previous year.

Amazon Reviews

In 2022, Amazon blocked over 200 million suspected fake reviews on its platform.

Supporting Research

A 2022 study from Frontiers in Artificial Intelligence highlighted the sophisticated methods used by fraudsters and the challenges platforms face in identifying and removing fake reviews.

FTC V. ROOMSTER

In August 2023, the FTC and six states sued Roomster Corp. and its owners, imposing a $36.2 million judgment and $10.9 million in civil penalties for misleading consumers.

Biennial Online Renter Study

In Jan 2024, SatisFacts released the latest Biennial Online Renter Study, which found that 22% of renters reported that the positive reviews they read were inflated compared to their actual living experience.

Qualitative Research Focus

This research focuses on the following questions and explores commonalities among renter experiences and perceptions using online reviews in their apartment hunting process.

How do market-rate renters aged 18 to 44 in the U.S. perceive and prioritize the online reviews of apartment communities during their search?

What are their views on the reliability of positive versus negative reviews, and how does review fraud influence their trust in these assessments?

What aspects of online reviews do renters find most valuable or concerning, and what improvements do they suggest for enhancing credibility?

Participant and Site Selection

1. We targeted market-rate renters aged 18 to 44 in the U.S. who had used online reviews during their apartment search within the last six months.
2. We collected observational data from social platforms like Reddit and Facebook Groups and conducted structured interviews using UserTesting.com.

Data Collection and Measurement Instruments

- **Online Ethnography (Netnography)**: We collected data from online discussions about apartment hunting and reviews, closely monitoring mentions of keywords such as "apartment search," "apartment reviews," and "review fraud."
- **In-depth Interviews**: We conducted structured interviews with participants and captured audio recordings to facilitate a comparative analysis.

The data from both methods ensured a robust foundation for identifying key themes and drawing meaningful conclusions, as highlighted in the Key Findings & Insights.

Key Findings & Insights

01 Critical Role of Online Reviews

Participants emphasized that online reviews play a crucial role in the decision-making process during the apartment search. Reviews are pivotal for renters when assessing various aspects, including the safety and security of the property, the efficiency and responsiveness of property management, and the overall quality and upkeep of the apartment itself. Renters rely heavily on the collective wisdom of current residents' experiences to avoid potential pitfalls and ensure they choose a property that meets their expectations.

> *"Online reviews are very important to me... it gives real tenants' feedback about safety, management, amenities, and rent costs."*
>
> **Age 33, Female, $125,000 - $149,999, Medical Practice**

> *"If they had something like Amazon's 'verified customer,' that would be good."*
>
> **Age 37, Female, $60,000 - $79,999, Healthcare Services**

02 Necessity for Verification and Authenticity

The necessity for verified and authentic reviews was a prominent theme among participants. Renters strongly prefer platforms that can guarantee the authenticity of reviews, as this significantly influences their trust in the information provided. Platforms implementing robust verification features, such as confirming the reviewers' identity and residency status, help ensure renters receive accurate and trustworthy feedback. This enables renters to make more informed decisions and fosters realistic expectations. For multifamily operators, meeting renter expectations increases resident satisfaction and retention. Conversely, unmet expectations result in “Renter’s Remorse” and unnecessary turnover.

03 Diverse Sources and Cross-Referencing

Participants frequently cross-referenced multiple apartment review websites to validate the reliability of reviews. This behavior underscores the necessity for transparency and user trust as renters seek consistent and credible information across various platforms. By ensuring reviews are widely available and credible across multiple sources, multifamily operators can enhance transparency and build stronger trust with potential renters, ultimately influencing their decision-making process more effectively.

> *"I used four different sites... Zillow, apartments.com, Trulia, and ApartmentRatings."*
>
> **Age 23, Male, $40,000 - $59,999, Financial Services**

Key Findings & Insights cont.

04 Identifying and Managing Suspicious Reviews

Participants noted a lack of specific tools or knowledge to effectively identify fraudulent reviews. Often, suspicions arose based on intuition about overly positive or generic reviews, which diminished trust in the review platforms and the properties themselves. Multifamily operators should utilize systems that prioritize authenticity and transparency to ensure a more accurate representation of resident experiences. By fostering a comprehensive view of resident feedback, operators can align renter expectations with the actual living conditions, build credibility, and enhance overall resident satisfaction and retention.

"It's hard to tell if a review is fake, but overly positive or generic ones make me suspicious."

Age 24, Non-binary, $40,000 - $59,999, Education Management

05 Balanced Decision-Making Approach

"I read both positive and negative reviews. If the negatives are isolated, I tend to focus more on the positives."

Age 27, Male, $60,000 - $79,999, Healthcare Services

When considering rental options, participants showed a nuanced approach by weighing both positive and negative reviews. While negative reviews detailing persistent issues had a significant impact, a mix of positive reviews without recurring negative themes can leave a favorable impression. If a community receives a few negative reviews that do not indicate a common issue, and these are balanced by positive reviews, renters are more likely to dismiss the negative feedback as isolated incidents. Multifamily operators should aim for authentic reviews, focusing on genuine resident experiences, review response quality, and addressing recurring themes in negative reviews.

06 Comprehensive Research Beyond Reviews

Many participants used additional research methods beyond online reviews, such as in-person visits and direct interactions with current residents or management. This shows that while online reviews are crucial, they are part of a broader information-gathering process. Multifamily operators should invest in internal feedback systems and customer service training to ensure that experiences meet or exceed expectations. By optimizing the resident experience through internal feedback and reputation risk management, operators can identify and address issues early, spot trends in data, and maintain a consistent and trustworthy online and offline presence.

"I always do in-person visits and talk to current residents to get a complete picture beyond online reviews."

Age 38, Male, $60,000 - $79,999, Information Technology

Reputation Risk Management

Our findings highlight that multifamily operators should take proactive steps toward reputation risk management, including:

- Understanding and aligning with FTC endorsement guidelines and developing written policies that reflect these standards
- Conducting frequent, company-wide training to ensure compliance with these policies and guidelines
- Ensuring an online reputation accurately reflects the real resident experience, promoting transparency and trustworthiness
- Prioritizing review platforms that verify the authenticity of reviews to maintain credibility
- Requesting reputation management services provide a detailed walkthrough of their solutions to confirm they abstain from prohibited practices such as review gating

Discussion

This research extends theories of social proof and information asymmetry in digital consumer behavior and decision-making. The findings align closely with the trends below from the SatisFacts Biennial Online Renter Study. Of all renters who participated:

- 76% researched online ratings and reviews before contacting the community
- 74% cited online reviews as a contributing factor in their decision process
- 22% reported that the positive reviews they read were inflated
- 73% trust online ratings and feedback/comments from customers

Implications

If review fraud and deceptive cultivation practices continue to increase, regulators will likely strengthen and expand enforcement of online review regulations. This could include the use of emerging AI detection tools, mandatory verification processes, and penalties for fraudulent activities.

These findings urge multifamily operators to avoid review fraud and deceptive practices. By earning top rankings authentically and aligning expectations with reality, operators can enhance prospect conversion rates, increase resident satisfaction, and reduce reputational risk.




Contact

With a proven track record spanning over 20 years in multifamily consumer marketing research and reputation management, partnerships with SatisFacts & ApartmentRatings signify a pledge to transparency, a focus on exceptional customer service, and a steadfast commitment to conducting business ethically and effectively.

Our mission is to strengthen relationships throughout the multifamily industry by creating a platform that attracts, understands, and retains renters based on leading-edge technology, data, and education.

Schedule Free Compliance Training*

Partner with our educators for a no-cost virtual training session introducing research-backed best practices for reducing organizational risk.

**One complimentary training per company*

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