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Incentivized Review and Free Trial Practices Draw the Ire of the FTC



In 2016, UrthBox, Inc., a subscription-based service sending monthly snack boxes to customers, had only nine reviews on the Better Business Bureau's website and all of them were negative.

By 2017 UrthBox had 695 BBB reviews, 612 of which were positive. According to a complaint from the FTC however, the cascade of positive reviews was the result of an incentivized review program. Specifically, in 2017 UrthBox offered to send customers an incentive (a free snack box) in exchange for submitting a positive review for UrthBox on the BBB website. However, the BBB requires customers submitting reviews to affirm they have *not* been provided any incentive from the business they are reviewing. UrthBox also offered incentives for customers who posted about their products on Twitter, Instagram, Tumblr, and Facebook but, according to the FTC, UrthBox did not monitor or provide instructions to consumers on how to comply with the FTC's Guidelines on endorsement disclosures. Those Guidelines put the onus on businesses to make sure that customers posting reviews sufficiently disclose any compensation received from the business. The FTC also stated that UrthBox's subscription practices violated the Restore Online Shopper's Confidence Act by failing to clearly and conspicuously disclose the terms of "free-trial" offers. These terms were instead found in the full terms and conditions which could be viewed only if a customer clicked on a hyperlink, and the material parts were not clearly and conspicuously disclosed as part of the check-out flow. This allegedly resulted in many free-trial consumers being enrolled in a six-month subscription at the end of the trial-term without their express consent. The matter resulted in a consent decree which prohibits UrthBox from misrepresenting that their customer reviewers are independent and requiring customer reviews to clearly disclose the reviewer's material connection (the receipt of a free snack box) with the business. UrthBox must also pay \$100,000 to the FTC which will likely be used to compensate affected consumers. Takeaways:

- If conducting an incentivized review program, instruct customers to clearly and conspicuously disclose that an incentive was given in exchange for the review and implement routine monitoring of such reviews to make sure that they comply.

- Clearly and conspicuously disclose material terms for "free-trial" subscriptions, provide simple means for their cancellation, and receive express consent to the terms from consumers before charging them.

Authors

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