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Gartner Says By 2014, 10-15 Per Cent of Social Media Reviews to Be Fake, Paid for By Companies

Analysts to Examine Key Issues Social CRM Issues at Gartner Symposium/ITxpo 2012, 5-8 November, in Barcelona, Spain

STAMFORD, Conn., September 17, 2012 — Consumers' increased reliance on social media ratings and reviews will see enterprise spending on paid social media ratings and reviews increase, making up 10 to 15 per cent of all reviews by 2014, according to Gartner, Inc. However, analysts predict that increased media attention on fake social media ratings and reviews will result in at least two Fortune 500 brands facing litigation from the US Federal Trade Commission (FTC) over the next two years.

“With over half of the internet's population on social networks, organisations are scrambling for new ways to build bigger follower bases, generate more hits on videos, garner more positive reviews than their competitors and solicit ‘likes’ on their Facebook pages,” said Jenny Sussin, senior research analyst at Gartner. “Many marketers have turned to paying for positive reviews with cash, coupons and promotions including additional hits on YouTube videos in order to pique site visitors' interests in the hope of increasing sales, customer loyalty and customer advocacy through social media ‘word of mouth’ campaigns.”

Organisations that opt to pay for phoney reviews can, and have, faced both public condemnation as well as monetary fines. In 2009, the FTC determined that paying for positive reviews without disclosing that the reviewer had been compensated equates to deceptive advertising and would be prosecuted as such.

“Marketing, customer service and IT social media managers looking to use reviews, fans and ‘likes’ to improve their brand's reputation on social media must beware of the potential negative consequences on corporate reputation and profitability,” said Ed Thompson, vice president and distinguished analyst at Gartner. “Chief marketing officers (CMOs) will need to weigh the longer-term risks of being caught and the associated fines and damage to reputation and balance them against the short-term potential rewards of increased business and the prevailing common business practice in their market, often regardless of ethics.”

As the FTC begins to crack down on this practice of fake reviews/ratings, some reputation management companies are taking a different approach, not posting new, fake, favourable reviews, but identifying fake and defaming reviews and requesting the reviewers or host site

remove them or face legal repercussions. Gartner analysts said they expect a similar market of companies to emerge specialising in reputation defence versus reputation creation.

Gartner said that although consumer trust in social media is currently low, consumer perception of tightened government regulation and increased media exposure of fake social media ratings and reviews will ultimately increase consumer trust in new and existing social media ratings and reviews.

“Organisations engaging in social media can help to promote trust by openly embracing both positive and negative reviews and leveraging negative reviews as a way to encourage customers with positive product or service experiences to share them on review sites as well,” Ms Sussin said. “They should also respond to ratings and reviews in an official capacity to demonstrate willingness to engage in productive conversation with anyone.”

Additional information is available in the Gartner report "The Consequences of Fake Fans, 'Likes' and Reviews on Social Networks". The report is available on Gartner's web site at <http://www.gartner.com/resId=2091515>.

Gartner analysts will be further discussing the future of social and the customer experience at Gartner Symposium/ITxpo 2012.

About Gartner Symposium/ITxpo

Gartner Symposium/ITxpo is the world's most important gathering of CIOs and senior IT executives. This event delivers independent and objective content with the authority and weight of the world's leading IT research and advisory organization, and provides access to the latest solutions from key technology providers. Gartner's annual Symposium/ITxpo events are key components of attendees' annual planning efforts. IT executives rely on Gartner Symposium/ITxpo to gain insight into how their organizations can use IT to address business challenges and improve operational efficiency.

Additional information for Gartner Symposium/ITxpo 2012 in Barcelona, 5-8 November, is available at www.gartner.com/eu/symposium. Follow news, photos and video coming from Gartner Symposium/ITxpo on Facebook at <http://www.facebook.com/#!/GartnerSymposium>, and on Twitter at http://twitter.com/Gartner_inc and using #GartnerSym.

Upcoming dates and locations for Gartner Symposium/ITxpo include:

August 28-30, Cape Town, South Africa: www.gartner.co.za

October 3-5, Tokyo, Japan: www.gartner.com/jp/symposium

October 10-12, Goa, India: www.gartner.com/in/symposium

October 21-25, Orlando, Florida: www.gartner.com/us/symposium

October 29-31, Sao Paulo, Brazil: www.gartner.com/br/symposium

November 5-8, Barcelona, Spain: www.gartner.com/eu/symposium

November 12-15, Gold Coast, Australia: www.gartner.com/au/symposium

March 5-7, 2013, Dubai, UAE: www.gartner.com/technology/symposium/dubai/

Gartner will host a complimentary webinar on 27 September at 2:30pm UK time titled, “The Evolution of the Powerful New Nexus: Gartner Symposium/ITxpo 2012 Preview”. Peter Sondergaard, senior vice president and global head of research at Gartner, will discuss why the Nexus of Forces is such a crucial concept for all CIOs and IT leaders and how it has evolved. He will also explain why this year's theme “Focus, Connect, Lead” is so central to Gartner

Symposium/ITxpo 2012. To register for this free webinar, please visit <http://my.gartner.com/webinar/detail/resId=2142416>.

About Gartner

Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is a valuable partner in 12,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, USA, and has 5,200 associates, including 1,280 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.

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