

Regulatory Impact Assessment (RIA)

(Prime Ministerial Decree No 169 of 15 September 2017)

Measure: Annual Draft Law on Small and Medium-sized Enterprises – Chapter IV on “Combating false reviews”

SUMMARY AND MAIN CONCLUSIONS OF THE RIA

This report describes the impact assessment of Chapter IV, titled “Combating fake reviews”, of the annual draft law on small and medium-sized enterprises.

The assessment is carried out in accordance with Article 9 of Prime Ministerial Decree No 169 of 15 September 2017.

The *rationale* of the intervention in question is to regulate the criteria to be observed for the publication of online reviews issued by users on products and services offered by catering companies and tourist facilities located in Italy, including accommodation and spas and any other form of tourist attraction offered on Italian territory.

The increasingly frequent publication of false reviews, in a market where reviews have become a key factor in the process of purchasing products and services, has necessitated the regulation of the phenomenon with the aim of ensuring the circulation of authentic and certified reviews that reflect an experience genuinely lived by an identified individual.

Reviews, in order to be published, must meet the following requirements (Article 13):

- they must come from customers who demonstrate their identity and actual use of the service or provision;
- they must be justified and issued within 15 days of the end of the experience;
- they must be sufficiently detailed and correspond to the type of product used or the characteristics of the facility offering it.

Provision is made for the right of the legal representative of the reviewed entity to:

- respond to the judgment made;
- obtain the deletion of reviews where the author has not used the reviewed good or service, or where the reviews are misleading, untrue, or excessive;
- obtain the deletion of the reviews once two years have elapsed from the date of use of the service or the adoption of appropriate measures to modify or overcome the reasons that had given rise to the judgment expressed.

The following are prohibited (Article 14):

- the purchase and sale of reviews, ratings or interactions (i.e. likes), including between entrepreneurs and intermediaries, even if not subsequently disseminated;
- the attribution to a product or service of reviews written by customers in relation to a different product or service;
- the promotion and conditioning of the content of reviews through incentives.

Finally, Article 15 entrusts AGCOM with the task of regulating, by means of a regulation, the adoption of codes of conduct by intermediaries and persons active in the dissemination of reviews online (notifying the AGCM, MIMIT, and MITUR of those signed), which is responsible for identifying suitable measures to:

- a) prove the identity of the consumer;
- b) guarantee the origin of reviews from actual users of a product or service;
- c) ensure compliance with the requirements laid down in Article 13;

- d) ensure transparency and impartiality in the management of reviews;
- e) ensure sufficiently detailed reviews and the right to be heard and to reply;
- f) prevent the association of reviews with undeclared promotional content;
- g) regulate the removal of reviews;
- h) enable or facilitate the detection of fraudulent activities;
- i) prevent the use of scores based on unclear, unexplained, or otherwise misleading criteria.

The provisions of Chapter IV are not applicable to reviews already published on the date of entry into force of the Law (Article 16) and do not entail new or increased burdens on public finances (Article 17).

The general objective of this regulatory intervention is to combat the phenomenon of false reviews and to protect consumers from the risks and constraints deriving from them by strengthening transparency and ensuring a more accurate digital ecosystem.

The text of Chapter IV was drawn up by the Ministry of Tourism following discussions with the Ministry of Enterprise and Made in Italy, with the Italian Competition Authority (AGCM) and with the Italian Communications Authority (AGCOM).

As a result of these discussions, the Administration decided to choose the direct regulation option for the matter, intervening with primary rank provisions.

The addressees of this regulatory intervention are firstly customers and entrepreneurs in the catering and tourism sector (direct addressees) and, secondly, MIMIT, MITUR, AGCM, and AGCOM as supervisory authorities (indirect addressees).

The expected impact of the provisions of Chapter IV is, from the perspective of consumers, increased confidence in the authenticity and reliability of the reviews of the products and services they access, also due to the corrective measures that can be implemented in the event of fraudulent activities. For companies, it is the possibility of defending themselves against the risk of misleading advertising and customer diversion, being able and therefore having to rely only on feedback whose provenance and veracity are guaranteed.

1. CONTEXT AND PROBLEMS TO BE ADDRESSED

Chapter IV of the draft law under consideration introduces provisions aimed at combating the phenomenon of false reviews and protecting consumers from the risks and influences arising from them.

This represents a significant challenge for businesses, consumers and the competitiveness of the market. In an era where the internet and digitalisation have transformed the way people use services and buy goods, online reviews have become an essential tool for consumers in their purchasing choices. Indeed, they play an increasingly significant role in boosting corporate profits, which are now based on the level of reputation they enjoy.

However, the ease with which such reviews can be manipulated has created an environment in which disinformation can distort competition and consumer decision-making, undermining the trust and integrity of digital platforms.

According to a recent study by the Study Centre of the Ministry of Enterprise and Made in Italy, dated October 2024, entitled “*The impact of fake reviews on the tourism sector*”, the importance of reviews in the tourism sector is now well established: they influence 82% of accommodation bookings and 70% of restaurant choices. In this sense, in fact, the most relevant platforms, such as TripAdvisor, Booking, Airbnb, Expedia and Yelp, have implemented measures to stem the phenomenon, including the adoption of algorithmic control systems and participation in coalitions such as the *Coalition for Trusted Reviews*.

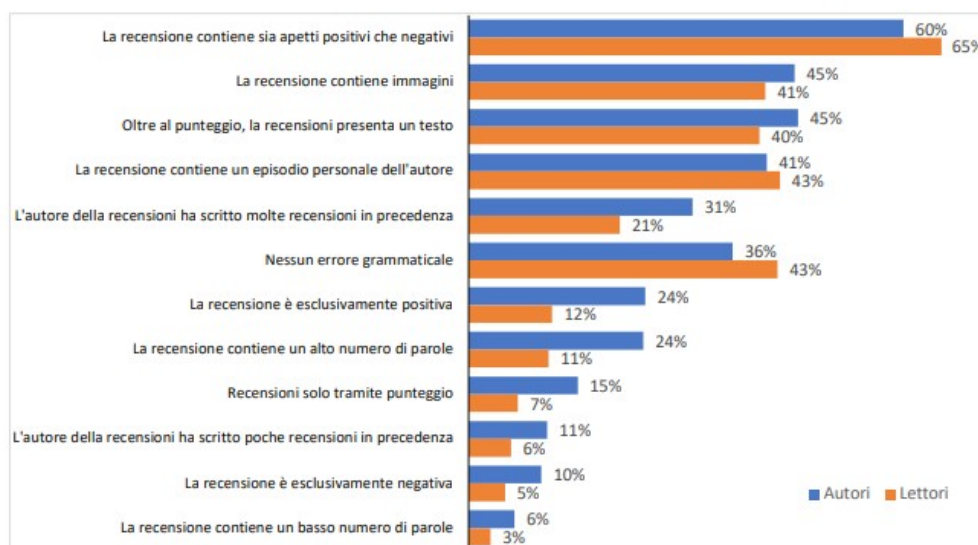
In the *Review Transparency Report*, conducted in 2023, Tripadvisor states that in 2022 the total number of reviews on its portal recognised as being false amounted to 1.3 million (up from 943,000 in 2020), meaning an incidence of 4.3% of the total number of reviews.

A further study by *TrustYou*, a hotel consulting firm, analysed the behaviour of 800 US users of online review platforms, divided between authors and readers of reviews. Although the results refer to a non-European context, there are points of general interest. The researchers questioned the criteria that confer reliability on the reviews in terms of the credibility and genuineness of the information.

For 60% of authors and 65% of readers, reviews that include both positive and negative aspects are considered the most reliable. The presence of images improves reliability for 45% of authors and 41% of

readers. In addition, reviews that combine a numerical score with a descriptive text or that narrate personal experiences are highly reliable. In contrast, short or exclusively negative reviews are perceived as significantly less reliable.

Grafico 6. I principali fattore dell'affidabilità delle recensioni online, in percentuale sul totale degli intervistati.



Fonte: *The Impact of Reviews on Booking Behavior and Reputation*, TrustYou, 2023

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| Grafico 6. I principali fattore dell'affidabilità delle recensioni online, in percentuale sul totale degli intervistati. | Diagram 6. The main factors in the reliability of online reviews, as a percentage of the total number of respondents. |
| La recensione contiene sia aspetti positivi che negativi | The review contains both positive and negative aspects |
| La recensione contiene immagini | The review includes images |
| Oltre al punteggio, la recensione presenta un testo | In addition to the score, the review presents a text |
| La recensione contiene un episodio personale dell'autore | The review includes a personal episode by the author |
| L'autore della recensioni ha scritto molte recensioni in precedenza | The reviewer has written many reviews before |
| Nessun errore grammaticale | No grammatical errors |
| La recensione è esclusivamente positiva | The review is exclusively positive |
| La recensione contiene un alto numero di parole | The review contains a large number of words |
| Recensioni solo tramite punteggio | Reviews only by score |
| L'autore della recensioni ha scritto poche recensioni in precedenza | The author of the review has written few reviews previously |
| La recensione è esclusivamente negativa | The review is exclusively negative |
| La recensione contiene un basso numero di parole | The review contains a low number of words |
| Autori | Authors |
| Lettori | Readers |
| Fonte: <i>The Impact of Reviews on Booking Behavior and Reputation</i> , Trust You. 2023 | Source: <i>The Impact of Reviews on Booking Behaviour and Reputation</i> , Trust You. 2023 |

However, despite the efforts of operators to reduce the phenomenon of false reviews, according to the above-mentioned study by the MIMIT Study Center, false reviews remain a persistent problem: 82% of users claim to have directly experienced them at least once.

In 2022, Amazon was among the first marketplaces to report cases of false review brokers, i.e. intermediaries that use a number of people willing to make purchases and publish high-scoring reviews in exchange for a full refund of the expenses incurred. Just last March, the Civil Court of Milan ordered the closure of a site that operated fraudulently.

Undoubtedly, false reviews undermine the overall reputation of the online market and compromise the transparency, fairness, and trust necessary to ensure the seriousness of the digital ecosystem, as a source of income for many economic operators. A need was therefore felt to regulate the phenomenon, in order to ensure the publication of authentic and certified judgments that reflect an experience actually lived by an identified person and not simply an opinion expressed on a whim or intentionally by arbitrarily decreeing the fate of an establishment.

In a still evolving regulatory environment, EU and national institutions are working to strengthen the regulation of the sector. At the same time, the study of false reviews and their economic consequences has

brought to light the need for more reliable data and greater cooperation between entrepreneurs, platforms and institutions.

2. AIMS OF THE INTERVENTION AND RELATED INDICATORS

2.1 General and specific objectives

The general objective of this regulatory intervention is to combat the phenomenon of false reviews and to protect consumers from the risks and constraints arising from them by enhancing transparency and ensuring a fairer digital ecosystem.

The specific objectives are:

- to raise the levels of reliability and authenticity of reviews;
- to ensure the publication of reviews that are sufficiently detailed and consistent with the type of product or the characteristics of the facility being evaluated;
- to guarantee the right of reply of the legal representative of the reviewed facility or their delegate;
- to ensure the right to be forgotten for operators in the cases expressly indicated by law (Article 13);
- to prevent the purchase and sale of reviews;
- to define the most standardised procedures through the adoption of codes of conduct by intermediaries and those active in the dissemination of online reviews.

2.2 Indicators and reference values

| OBJECTIVE | INDICATOR |
|--|--|
| Raising the levels of genuineness of reviews | Number of identifications made on users |
| Ensuring the publication of reviews that are sufficiently detailed and consistent with the type of product or with the characteristics of the facility being evaluated | Annual number of reviews removed |
| Guaranteeing the right of reply of the legal representative of the reviewed facility or their delegate | Annual number of replies published |
| Ensuring the right to be forgotten in the cases expressly indicated by law | Number of reviews removed |
| Preventing the purchase and sale of reviews | Number of penalties imposed annually by the AGCM under Article 27 of Legislative Decree No 206 of 6 September 2005 |
| Defining the most standardised procedures through the adoption of codes of conduct by intermediaries and those active in the dissemination of online reviews | Number of codes of conduct signed and communicated to the Competition and Market Authority, the Ministry of Enterprise and Made in Italy, and the Ministry of Tourism. |

3. INTERVENTION OPTIONS AND PRELIMINARY ASSESSMENT

A. OPTION ZERO “non-regulatory intervention”

Option zero would have consisted of no action on the part of the proposing authority, maintaining the current regulatory framework unchanged and avoiding proposing national legislation.

This solution did not seem appropriate, nor viable, given the need to intervene with a comprehensive framework aimed at combating the phenomenon of false reviews and protecting the consumer by ensuring

the transparency and integrity of the digital ecosystem through the identification of the user who submits the review and the demonstration of actual use of the service.

B. SELF-REGULATION OPTION

The second option assessed was to leave the regulation of the phenomenon to the addressees of the legislation in question through the most representative trade associations at the national level. The negative effects of this option would have consisted in the production of non-binding rules and a not exactly defined legal nature, with obvious negative impacts on competition and consumer protection.

C. DIRECT REGULATION OPTION

The Administration chose to intervene with primary provisions aimed at regulating the publication of online reviews relating to products, performances, and services offered by catering companies and tourist facilities located in Italy, including those of an accommodation and thermal type, as well as relating to any form of tourist attraction offered on Italian territory, in compliance with point (e) of the second paragraph of Article 117 of the Constitution and the principles of the European Union in the field of competition.

The draft law identifies the requirements for reviews, the rights of the facilities reviewed, and the prohibitions to be observed, entrusting the AGCM with the exercise of investigative and sanctioning powers pursuant to Article 27 of Legislative Decree No 206 of 6 September 2005, and AGCOM, as the National Digital Services Coordinator, with the regulation of codes of conduct adopted by intermediaries and entities active in the dissemination of online reviews.

4. COMPARISON OF THE OPTIONS AND JUSTIFICATION OF THE PREFERRED OPTION

4.1 Economic, social and environmental impacts by target group

The comparison of the feasible options has shown almost zero impacts in intervention options A and B, while the direct regulation option chosen (option C) has impacts that are certainly positive both for customers, who will be able to rely on the genuineness and reliability of the opinions published on the review portals, also by virtue of the corrective measures that can be implemented in case of fraudulent activities, and for companies, which will have greater tools to protect against the risk of customer diversion and, on the other hand, will be able and will have to rely only on feedback whose provenance and reliability is guaranteed. Similar positive effects will be felt by indirect addressees, whose supervisory, coordination, and sanctioning powers will make it possible to constantly monitor the trend of the phenomenon and limit the effects of any infringements. The effects in question will certainly be achieved by the adoption of the codes of conduct provided for in Article 15.

4.2 Specific impacts

Effects on SMEs (SME Test)

Guarantee and protection effects are provided for SMEs through the right to obtain reviews whose provenance is guaranteed and which offer a sufficiently detailed assessment, as well as through the right to delete misleading, untruthful, or anachronistic reviews. Restrictive effects are also envisaged through the prohibitions provided for in Article 14 and the adoption of codes of conduct and guidelines (Article 15).

Effects on competition

The desired effects on competition are greater transparency, genuineness, and reliability of information on catering and tourism services on the market, and a greater ability to remove anomalies on the part of the authorities responsible for taking corrective measures.

Obligations to provide information

There are no particular information obligations arising from the regulatory intervention, except for the consumer's duty to prove their identity and the actual use of the product or service reviewed at the time of issuing their judgment or assessment.

Compliance with the minimum levels of European regulation

The regulatory action was taken in compliance with Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market.

4.3 Justification of the preferred option

In the light of the assessments carried out, also based on the consultations conducted between the administrations and authorities concerned, it is considered that the direct regulation option should be preferred over the *baseline* and a self-regulation option, as it is the only one capable of generating concretely positive effects on the market.

5. METHODS OF IMPLEMENTATION AND MONITORING

5.1 Implementation

As provided for in Article 17, the implementation of the regulatory intervention is entrusted to the AGCM and AGCOM with the human, financial, and instrumental resources available under current legislation, as no new or increased burdens resulting from the implementation of the provisions of the legislation have been identified. MIMIT and MITUR, on the other hand, are given a participatory role in the adoption of the guidelines referred to in Article 15(4) and in the transmission of the codes of conduct signed, pursuant to Article 15(1).

5.2 Monitoring

The monitoring of the intervention will be carried out by the AGCM and AGCOM, as the authorities responsible for the implementation of the regulatory intervention.

CONSULTATIONS CARRIED OUT DURING THE AIR

During 2024, the main trade associations in the hotel, non-hotel, organised tourism, catering, and entertainment sectors took part in the consultations, following which, as early as February 2024, the opportunity was shared to intervene as soon as possible with a legislative proposal aimed at regulating the matter of reviews. During the consultations, the stakeholders collectively expressed the inconveniences they face due to false or irrelevant judgments attributed by alleged consumers to products or services that are often not even related to the commercial activity in question.

Consultations also revealed the discomfort arising from the inability to defend oneself effectively against such fraudulent activities.

Discussions were also held with representatives of the main online review platforms (e.g. TripAdvisor) in order to understand what measures exist to date to prevent the risk that the reviews published are false in content and/or released by a false profile.

ASSESSMENT PATH

The evaluation pathway working group was composed of MIMIT, MITUR, AGCM and AGCOM. The purpose of the regulatory intervention and the detailed aspects were carefully assessed and shared following a thorough analysis of the current regulatory framework, also to avoid potential violations of the Consumer Code and, above all, of European legislation on unfair commercial practices. In this regard, some initial difficulties were encountered in relation to the principle of territoriality and the limits of Italian jurisdiction, which would have made it difficult to implement the introduction of mandatory rules against online review platforms, many of which are based abroad, also due to the lack of judicial precedent and pending litigation on the matter. For these reasons, regulatory provisions for codes of conduct have been preferred over the introduction of specific obligations on such entities.