

The High Cost of a Bad Review for Small Businesses

Charlene Hudson, the owner of Shanera Grace Bridal & Event Services, received a message in January from a previous client asking if she could decorate for her son's birthday party. It was agreed that Hudson would be paid the full \$400 fee for her services prior to the event.

When the day of the party rolled around, Hudson messaged the client, Joan Freeborn, letting her know that she was running late but on her way. After a series of back-and-forth text messages, and what Hudson's attorney said was "a miscommunication in the location of the party," Hudson ultimately decided she wouldn't be able to provide her event decorating services, and didn't show up.

Freeborn, who was distraught by the experience, especially as a loyal customer, did what most people do these days to complain: She went on the internet. In a Facebook post detailing what happened, Freeborn said she was going to have to "take time out of work to take her to court to get [her] money back." She also left a scathing review on Google.

Then, Hudson filed a countersuit for defamation and tortious interference with business relations in Suffolk County Civil Court.

In the end, filing a suit against her was enough to convince Freeborn to remove the negative online review before facing what she said would be irreversible business damage or having to go to trial. But other small business owners haven't been as lucky.

The power of the internet and social media has allowed anyone who wants to be a critic to denounce, condemn and effectively skewer a business owner who doesn't deliver exactly what the customer wants. There is generally no higher authority regulating what they say. The result is

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an online version of bad press, the effects of which can impact sales and throw business owners into a maelstrom of panic and angst.

According to Koen Pauwels, author of the 2023 book [“It’s Not the Size of the Data – It’s How You Use It”](#) and a professor of marketing at Northeastern University, we live in an “attention economy.” A bad review can increase the awareness people may have of a small business because they want to check out things that draw attention to it. [Studies](#) show that the phrase “all publicity is good publicity” may have some truth to it.

However, Pauwels noted that how a business responds to negativity and chooses to move forward is key. “Try to associate your brand with something else and try to strengthen that connection. Spin your controversy into something positive,” he said.

For businesses that are more established or have a large audience following that bad review, “it’s usually better to keep it on the low and let it go,” said Pauwels.

But for the owners of Mavericks Montauk, a restaurant located in Montauk, New York, they felt it was important to address the narrative online.

In June of 2024, the restaurant found itself at the center of publicity after a [TikTok](#) was uploaded by food-review content creators Meg Radice and Audrey Jongens, who post under the username “The VIP List.” The two published a review heavily criticizing the restaurant, dubbing their meal the “worst \$2,000 meal we’ve ever had.”

The video, which sits at 2.3 million views and over 170,000 likes, not only insulted the quality of the food but also claimed they waited three hours for appetizers and called the restaurant’s hospitality “criminal.”

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While the TikTok creators have built their brand posting brutally honest reviews that some viewers may even find comedic, they certainly didn't hold back from hurling insults at the restaurant.

Much like Freeborn did, The VIP List went to the internet to share their complaints. As food reviewers who had a disheartening experience, posting a negative review online shouldn't have come as a shock. But for the owners of Mavericks Montauk, it did.

Mavericks took to [People Magazine](#) to debunk some of the claims they say The VIP List falsified and called out the customers for their poor dinner etiquette, claiming they showed up late to their reservation and falsified the actual price of the bill.

People Magazine then reached out to a representative from The VIP List, who then refuted the claims Mavericks had made and told potential customers to try the restaurant for themselves and see how bad it is.

While the owners of Mavericks Montauk could not be reached for comment, the implications of what happened are clear. The restaurant was painted in an unattractive light online, and getting the internet further involved only drew more negative attention to the business and ultimately made the situation more damaging.

A brutally honest review of a negative experience isn't the only kind of negative commentary that can damage a small business. Stephen Blumberg, the now-retired owner of Stephen Leigh Jewelers in Quincy, remembers the pains of defamatory internet reviews all too well, even after 10 years.

"I first wanted to read it several times to make sure I was digesting it properly," said Blumberg.

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In 2013, the jewelry store began receiving negative reviews on Yelp from a “customer” who claimed Blumberg was a “thief,” and urged potential customers to take their business elsewhere. But the author of the comment wasn’t a customer.

After doing investigative work on his own, Blumberg discovered the review was written by an employee of a competing jeweler in the same town under an anonymous username. He then filed a defamation suit for libel in Norfolk County Superior Court.

Filing for libel is one way to respond to harmful online reviews. “People do it when they feel like the damage is just too much,” said Pauwels. However, to go through with a defamation suit, you have to prove that the person you are suing actually caused damage and prove that what they said is untrue.

“You can’t sue someone for saying they do not like you or your business,” said attorney Joseph Cacace, a partner at Todd & Weld LLP in Boston. It has to be a statement of fact, not opinion.

“The problem with anonymous internet reviews and libel is that you don’t know how many sales you are losing,” said Blumberg’s attorney Carl Goodman of the Law Office of Carl Goodman in Marblehead. Goodman noted that there are just too many variables to prove that a specific post brought a general loss of business or general damages.

Blumberg wasn’t “the type to run to counsel when he was upset with something,” said Goodman. But he recalls the frustration he felt knowing that someone had the ability to post untrue information about his business without any consequences. “Money wasn’t the issue; it was the vindication,” said Goodman.

The two went on to win the case and were awarded \$50,000 by the jury. After several months online, the defamatory Yelp review was also taken down.

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“We did not have special damages or actual business damages, but got testimony of an employee who saw him under emotional distress,” said Goodman. Blumberg had been having uncharacteristic outward manifestations of frustration since the review was posted, and was losing sleep at night.

After winning the case, Goodman “started getting calls from businesses all over the nation who had experienced the same thing and had almost been put out of business.”

Experts also noted that if someone or their business is a public figure, they would have to prove actual malice alongside damages. This would mean the person knew what they were saying was false, or that they recklessly disregarded the truth.

When Charlene Hudson approached attorney Ardrena Parkman-Lyles, of Parkman-Lyles Law LLC in Randolph, she claimed that she was losing revenue for her business, had experienced financial damages and had lost business prospects.

The online posts were up for over six months. One customer in particular had followed Freeborn’s Facebook page, and after seeing her negative review, canceled her booking with Hudson. Hudson would not speak on the record for this article.

“Social media has made things much more complicated,” said Dan Kennedy, a journalism professor at Northeastern University who specializes in media law. According to Kennedy, [Section 230 of the Communications Act](#) deems that providers are not liable for content that is posted by third parties. “You can’t sue Facebook because of Section 230, but you can sue the person who posted it.”

In Kennedy’s opinion, “almost 99% of the time the threat of a lawsuit is enough to get someone to take down the defamatory post. Libel cases almost never go to trial; they are usually worked out ahead of time,” said Kennedy.

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Freeborn took Hudson to court to get her payment back, which she won by default, according to Freeborn's attorney, Tena Kerns of the Law Office of Tena Kerns in Taunton.

Freeborn could not be reached for comment after multiple attempts.

The two then went "back and forth for a while because Freeborn did not want to take the post down," said Parman-Lyles. Once Freeborn found out about the defamation suit Hudson filed, she agreed to take down the post as long as they dismissed the defamation suit.

"You have to keep an eye on your social media. These things could sneak up on you and then, in the long run, hurt your business," said Blumberg. One step he took to control the narrative while waiting for trial was reaching out to previous customers and asking them to leave their honest reviews of their good experiences there to help with their review ratings.

"We know that reviews are extremely important. Not just the star rating, but also the volume of reviews. Businesses want as many reviews as possible," said Pauwels.

However, in some cases, star ratings do matter. According to a [study](#) done in 2011 at Harvard Business School, a one-star increase in Yelp ratings can lead to a 5% to 9% increase in revenue. This means that people are reading reviews, and online reviews are affecting where customers take their business.

"Social media is a double-edged sword, and once it gets rolling, it can cause a lot of pain," said Blumberg. Even after all that he's been through, Blumberg isn't quite ready to let go of internet reviews entirely.

"If they policed what was going on a little bit better online, or made a way to verify people's claims, online harassment towards business owners would be better managed. People don't care what they do anymore; they just do what they want to do," said Blumberg.

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