

Holiday Shopping in the Time of COVID

An AARP Survey of U.S. Adults



The COVID-19 pandemic has had a monumental impact on consumers' social and purchasing behavior¹ – namely, moving more consumers online for social visits, purchases, and banking. With holiday shopping around the corner, AARP conducted a survey to gauge the level at which US adults plan to shop online, and the level of awareness of safe online shopping practices. The phone survey (cell/landline) was completed in October 2020 by 1,005 U.S. adults ages 18 and older who use the internet at least occasionally and indicate they typically shop for gifts, food, decorations for a holiday or observance or event during the months of November through January. This survey yielded a maximum statistical error of $\pm 3.1\%$ at the 95% level of confidence. See page 9 for full Sample and Methodology description.

Key findings

As the pandemic has driven more people online to shop, survey findings show that U.S. adults are not well informed about online shopping safety – most respondents failed the 10-question quiz with only 15% of respondents able to answer 7 or more questions correctly.

More than a quarter (27%) of U.S. adults are *not* concerned over the safety of their personal and financial information when shopping online. Perhaps the confidence is well-founded, and these respondents know how to keep their data safe. More likely, they may not be aware of the (manageable) risks that online shopping brings.

Gift cards remain a hot commodity and nearly two-thirds (63%) of U.S. consumers plan to buy them this year for presents for family and friends. It is safest to purchase gift cards online directly from the retailer or other issuers as cards on store racks can be tampered with. Over a third (36%) of US adults report that they have given or received a gift card with no balance on it.

While credit cards and digital wallets are the better choices to avoid fraud losses, consumers intend to use debit cards (74%) and P2P apps (69% of P2P users very/somewhat likely) to buy holiday gifts online.

¹Forrester Consumer Technographics COVID-19 Survey (Wave 2), 2020 (May 8-15) (40% of online adults 18+ say they are buying more online now as a result of the pandemic).

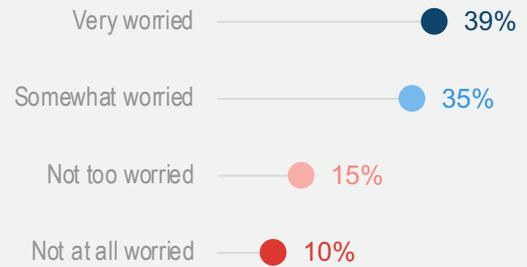
Worry about Covid-19 Pandemic has Driven U.S. Adults Online to Shop

Nearly three in four (74%) U.S. adults ages 18 and older report they are currently worried that they or someone in their family will get sick from the coronavirus, with four in ten saying they are *very* worried. In tandem, most also indicate that the internet has been personally essential for them during the coronavirus outbreak. At least one in three say they have purchased more household or cleaning supplies, groceries, food delivery or takeout, and personal care products online since March of this year (when many states ordered many non-essential businesses to close and for residents to stay-in-place to slow the spread of the coronavirus).



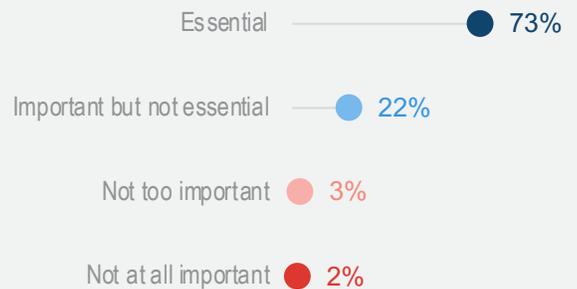
Level of worry: Self or family getting sick from COVID-19

(n=1,005 U.S. Adults 18+)



Level of Importance: Internet

(n=1,005 U.S. Adults 18+)



Items Purchased
MORE *Since*
March 2020 than
Before March 2020
(n=1,005 U.S. Adults
18+)

47%
Household/cleaning
supplies



45%
Groceries



37%
Food delivery/takeout



32%
Personal care
products



27%
Over-the-counter
medications



21%
Home repair products



18%
Clothing



Consumers Plan to Purchase *MORE* or *About the Same* Holiday Items Online This Year as Compared to 2019

The pandemic is worrisome to U.S. consumers, and the data from this survey indicate that shoppers are turning to online outlets for their holiday purchases. In fact, two in five respondents to this survey say they will purchase *more* gifts online from a big box retailer like Amazon, Target or Walmart this holiday season as compared to last year. In addition, one in four U.S. consumers say they will purchase *more* gifts or items online at a specialty retailer or local small business this holiday season as compared to last year, and at least one in six say they will purchase *more* online through an online marketplace like Etsy or Craigslist, an online bidding site like eBay, or through social media platforms such as Facebook or Instagram.

Where U.S. Consumers Shopped Online in 2019

(n=1,005 U.S. Adults 18+)

Type of Retailer	% Yes
Online Big Box Retailer	82%
Specialty retailer/local small business	51%
Online marketplace (i.e., Etsy or Craigslist)	40%
Online bidding sites (i.e., eBay)	33%
Through social media (i.e., Facebook or Instagram)	30%

Where U.S. Consumers Say They Plan to Shop Online *More*, *About the Same*, or *Less* in 2020

(n=1,005 U.S. Adults 18+)

Type of Retailer	% Purchase more	% Purchase about the same	% Purchase Less
Online Big Box Retailer	39%	39%	9%
Specialty retailer/local small business	24%	28%	7%
Online marketplace (i.e., Esty or Craigslist)	21%	20%	6%
Through social media (i.e., Facebook or Instagram)	17%	15%	6%
Online bidding sites (i.e., eBay)	16%	17%	6%

Gift Cards Remain Popular Going into 2020 Holidays – But Where They Are Purchased Could Be a Risk

Gift cards have long been a popular gift to give and receive, and that holds true according to our survey for this holiday shopping season. Roughly the same proportion who bought gift cards as presents last year intend to do so this year. Among those who purchased gift cards last year and plan to purchase them this year, most say they will purchase *about the same* (54%) or *more* (26%) gift cards.

Additionally, 71 percent of those who plan to buy gift cards this season intend to buy them off the rack at a big box store or at the store of a specific retailer. This makes scammers happy: Consumer Reports noted in December 2019 that scammers have been tampering with gift cards on racks for years.² Often, they record the gift card number, expose and then cover the PIN, and wait for the cards to get activated. As soon as the card is live, the scammer drains the funds. Indeed, more than a third (36%) of US adults have given or received a gift card with no balance. While this could be the result of a cashier error, it could also reflect the ease at which gift cards on store racks can be manipulated.



Purchased gift card in 2019 compared to plan to purchase in 2020

(n=1,005 U.S. Adults 18+)



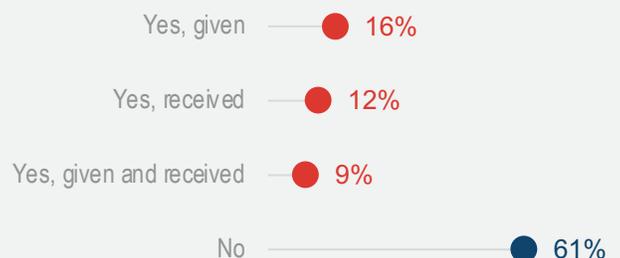
Where Consumers Plan to Purchase Gift Cards 2020 Holiday Season

(n=630 U.S. Adults 18+ plan to purchase gift cards)

Type of Retailer	% Yes
Online Big Box Retailer	48%
At store of specific retailer	42%
On website of specific retailer	36%
Online through auction, reseller, personal sales site	22%
Other	2%
Not sure	5%

Have ever given or received gift card with no funds on it

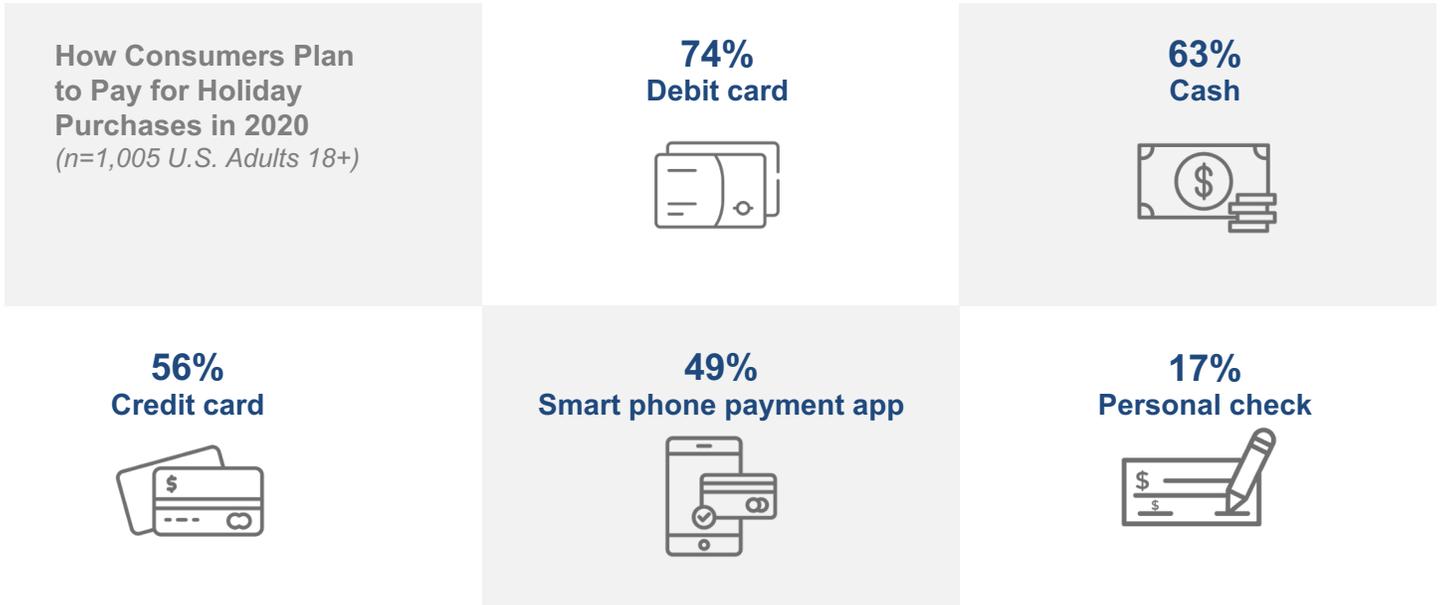
(n=1,005 U.S. Adults 18+)



² How to Avoid Gift Card Scams <https://www.consumerreports.org/gift-cards/how-to-avoid-gift-card-scams/>

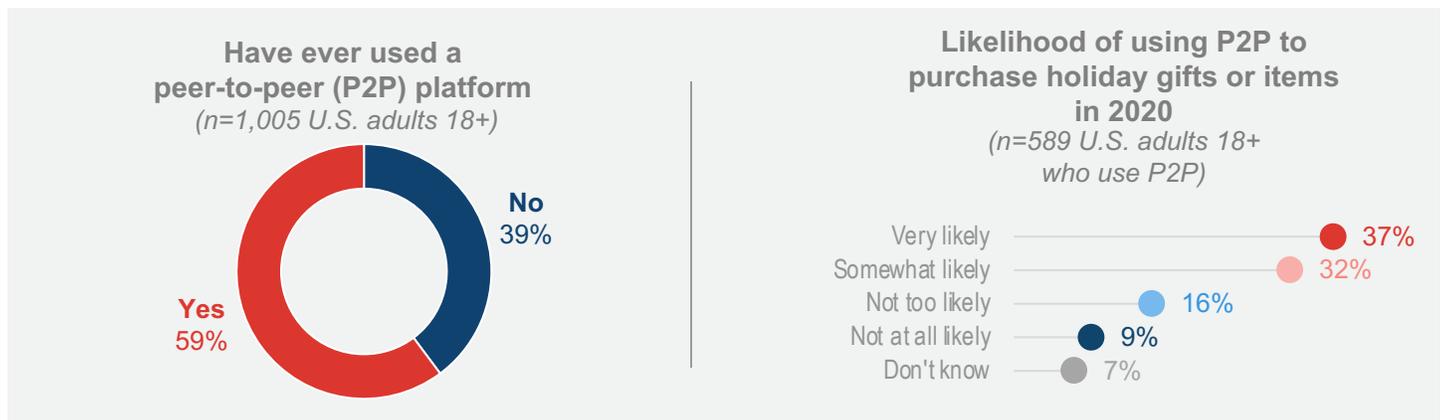
Most U.S. Consumers will Use Their Debit Cards this Holiday Season, and Half will Use a Payment App – This Could Spell Trouble

While most (83%) consumers will use a mix of payment methods while holiday shopping, three quarters will use their debit cards.³ Further, 69 percent of peer-to-peer users say they are very or somewhat likely to use a P2P payment app for holiday purchases this year.



The safest way to make purchases online is with a credit card or a digital wallet. Credit cards offer greater protections than debit cards in the event of fraud. While fraud protections are available with debit cards, a fraud investigation by the card issuer could take weeks or months, during which the consumer does not have access to the funds lost to the fraud. Further, if you dispute a transaction you made with a credit card, you may be reimbursed by the card issuer. A digital wallet – through which consumers can make purchases with credit cards from their smart phone, but the card information is not shared with the retailer – is even safer than using a credit card directly with the retailer.⁴

Some peer-to-peer apps are safer than others. Popular payment apps like Venmo, Zelle and Cash App, are intended for use among people you know and trust – to split a dinner bill or pay the babysitter. Fraud losses using these apps to pay for a product that is never received are usually not recoverable.



³ Based on a count of the multiple responses allowed to Q12 and how many indicate using 2 or more of the options.

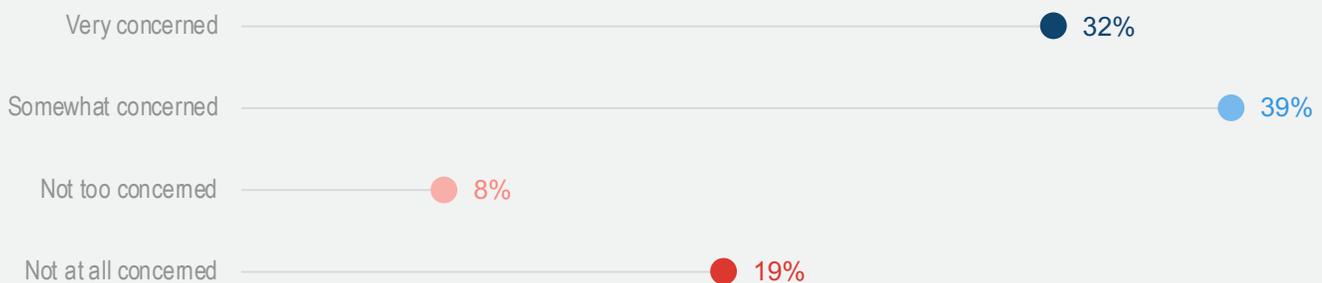
⁴ See 2020 Identity Fraud Study: Genesis of the Identity Fraud Crisis" April 2020, Javelin <https://www.javelinstrategy.com/coverage-area/2020-identity-fraud-study-genesis-identity-fraud-crisis>



U.S. Consumers Greatly Need Reliable Information about Shopping Online and the Potential for Scams

As easy and convenient as online shopping has become, consumers remain concerned about the security of their personal and financial information when transacting online. Indeed, most (72%) respondents *are concerned* about their personal and financial information when making a purchase online. That said, more than a quarter (27%) *are not concerned* indicating they either know how to protect themselves, or perhaps more likely, they aren't sufficiently aware of the risks.

Level of concern when providing financial or personal information online
(n=1,005 U.S. Adults 18+)



To gain some insight into consumer awareness of safe online shopping practices, survey respondents were asked to answer 10 true/false questions. Most respondents failed the 10-question quiz with only 15% of respondents able to answer 7 or more questions correctly.⁵

Consumer Response to True/False Statements

(n=1,005 U.S. Adults 18+)

True/False Statement	And the CORRECT Answer is.....	How Many Got it Right?
Peer-to-Peer payment apps like Cash App, Zelle, or Venmo are safe to make purchases with since they have the same consumer protections as my credit card.	<u>FALSE.</u> These types of P2P payment services do not offer fraud protection. Once a consumer sends money to someone, it's gone and likely not recoverable.	23%
Ordering a free trial offer from an online retailer (with a small shipping charge) is always a good way of trying out a product before you buy it.	<u>FALSE.</u> Deceptive businesses and outright scammers offer free trials with a small shipping and handling fee to lure consumers into expensive subscription programs that are difficult to cancel.	24%
It is safer to purchase a store branded gift card from a rack in a store than to purchase one online directly from the retailer.	<u>FALSE.</u> It is safer to purchase gift cards online directly from the issuer, whether a retailer, restaurant or other entity.	31%
Credit cards and debit cards offer the same protections when shopping online.	<u>FALSE.</u> You have less liability for fraud using a credit card, and you can dispute a charge which may be reimbursed from the credit card issuer.	33%
Online retailers like Amazon and eBay will call their customers if there is a problem with their account, and will request their login information to provide customer support.	<u>FALSE.</u> If there is a problem with your account, retailers like Amazon or eBay will email you and direct you to log into your account and handle the problem within the platform.	40%
When searching online for customer support, the first customer service phone number that appears on your search results will always connect you with a legitimate person from that company.	<u>FALSE.</u> Scammers buy online ads just like legitimate retailers, only their ads promote a customer service number that connects callers right to the criminals. Look at billing and credit card statements to find legitimate numbers.	45%
Peer-to-Peer payment apps like Cash App, Zelle, or Venmo are only intended to be used to transfer money between people you personally know, like family, friends, the baby-sitter, or the lawn service.	<u>TRUE.</u> The businesses that offer these apps make clear that they are designed for payments between people you know and trust. They do not offer fraud protection.	47%
Ads for merchandise that you see on social media, such as Facebook or Instagram, or other places online are always vetted and trustworthy.	<u>FALSE.</u> In fact, even ads in print, on television and over the radio aren't always vetted and trustworthy. Always be cautious of too-good-to-be-true offers.	55%
Regularly updating my software on my devices provides protection against fraud.	<u>TRUE.</u> Software updates often contain patches to fix security issues that protect you from fraud.	61%
It is not safe to shop online.	<u>FALSE.</u> It can be safe to shop online but not always; you just need to know how to stay safe out there.	69%

⁵ Calculated from a count of the 'correct' responses to each statement.



Key Implications / Conclusions Based on Survey Results

In keeping with trends toward more online shopping during the pandemic, consumers expect to turn to the internet for their holiday shopping, too. Online shopping can be convenient, safer than going to stores during COVID, and a trustworthy way of transacting. But to be safe from losing money or sensitive personal information to online fraud, consumers need to take some precautions:

- Keep device operating systems and antivirus programs up to date.
- Ads on social media about unbelievable sales probably shouldn't be believed.
- When buying gift cards, stick to ordering them online directly from the issuer – whether a retailer, restaurant or other entity. Gift cards on openly accessible store racks can be easily tampered with.
- Use P2P apps like Cash App, Zelle and Venmo as they are intended, which does *not* include using them to make purchases from people or businesses you don't know. Use these apps for things like splitting a dinner bill with a friend or sending money to the grandkids.
- Avoid using debit cards online; credit cards offer better protections in the event of fraud.

Other ways to be safe while shopping online not covered in this survey include using complex and unique passwords for each online account, not clicking on links in emails or text messages, and going directly to a retail website versus doing a search from your web browser. Online shopping can be easy and safe; it just requires a little know how.

Full Methodology

AARP engaged ANR Market Research Consultants to conduct a quantitative research study among Americans age 18+. ANR completed a total of 1005 telephone interviews (350 via landline telephones and 655 via cell phone). Respondents were screened to meet the following criteria:

- a. Age: 18+
- b. Resident of U.S.
- c. Uses the internet at least occasionally
- d. Shops for gifts, food, decorations, etc. specifically for a holiday or other sorts of observances during the holiday season

Both landline and cell phone sampling were used for this research, drawn randomly from a list of residents aged 18+ in the U.S. – including Alaska and Hawaii – purchased from Aristotle. The list of 249,349,790 records was utilized to achieve a sample of 1,005 respondents. The list was randomly divided into 2,494 replicates of 1,000 records. Initially, 20 replicates were released for calling, with additional replicates being opened as necessary. In all, 50 replicates representing a total of 49,946 records were dialed to complete this study.

The survey was launched on October 14, 2020 and closed on October 26, 2020. Survey length averaged 16.6 minutes. The base sample of 1,005 respondents yields a maximum statistical error of $\pm 3.1\%$ at the 95% level of confidence. (This means that in 95 out of 100 samples of this size, the results obtained in the sample would be within ± 3.1 percentage points of the results obtained had everyone in the population been interviewed.)

All data have been weighted by age, gender, and race/ethnicity according to 2018 Census Bureau National ACS statistics. Percentages of some questions in the annotation may exceed 100% due to rounding or the use of multiple response question formats. Percentages in the annotation reflect rounding from .5 or higher to the next whole number. Where data points are combined (i.e. Very and Somewhat), the actual percentages are added and then rounded. This may result in a discrepancy between the annotation percentage and the actual percentage by at most 1 percent. Final call disposition reports are available upon request. The production summary is as follows:

Final	
Number of full completes	1005
Sample	49946
Cooperation rate (COOP3)	48.7%
Refusal rate (REF3)	4.0%
Response rate (RR3) ⁶	2.4%

⁶ This response rate formula (RR3) requires the calculation of 'e' which is the proportion of cases of unknown eligibility that are estimated to actually be eligible. The following formula was used to determine 'e': $e = \text{Complete} + \text{Terminate Early} + \text{Confirmed Household No Answer, Busy, and Answering Machine} + \text{Callbacks} + \text{Language Barrier} / \text{Complete} + \text{Terminate Early} + \text{Confirmed Household No Answer, Busy, and Answering Machine} + \text{Callbacks} + \text{Language Barrier} + \text{Government/Business} + \text{Non-Working} + \text{Screened Out} + \text{Over Quota}$.



For more information, contact Jen Sauer, jsauer@aarp.org.
For media inquiries, contact media@aarp.org.