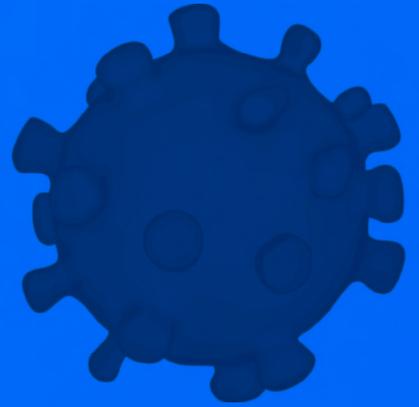


Impact of economic crisis on ecommerce fraud

COVID-19 Market Research



Executive Summary

1. Consumers are **more likely to make false complaints** during an economic crisis.

85% think it would be easier for shoppers to get away with making fraudulent complaints.

68% think shoppers would be more tempted to save money by making fraudulent complaints.

63% think shoppers would feel less guilty about trying to save money by making fraudulent complaints.

82% think there will be an increase in fraudulent shopper complaints.

2. Consumers are **less likely to trust online retailers** during an economic crisis.

81% are more concerned about fraud committed by online sellers.

75% think online retailers would be more tempted to make profits by defrauding shoppers.

72% think online retailers would feel less guilty about trying to profit by defrauding shoppers.

85% think there will be an increase in fraudulent behavior by retailers.

Methodology

Between April 10th and 17th, MarqVision conducted a survey of 500 people in the U.S. aged between 18 and 34.

The sample included people from ten different states (California, Delaware, Washington, Maryland, Massachusetts, New York, North Carolina, Pennsylvania Texas, and Virginia) and the District of Columbia.

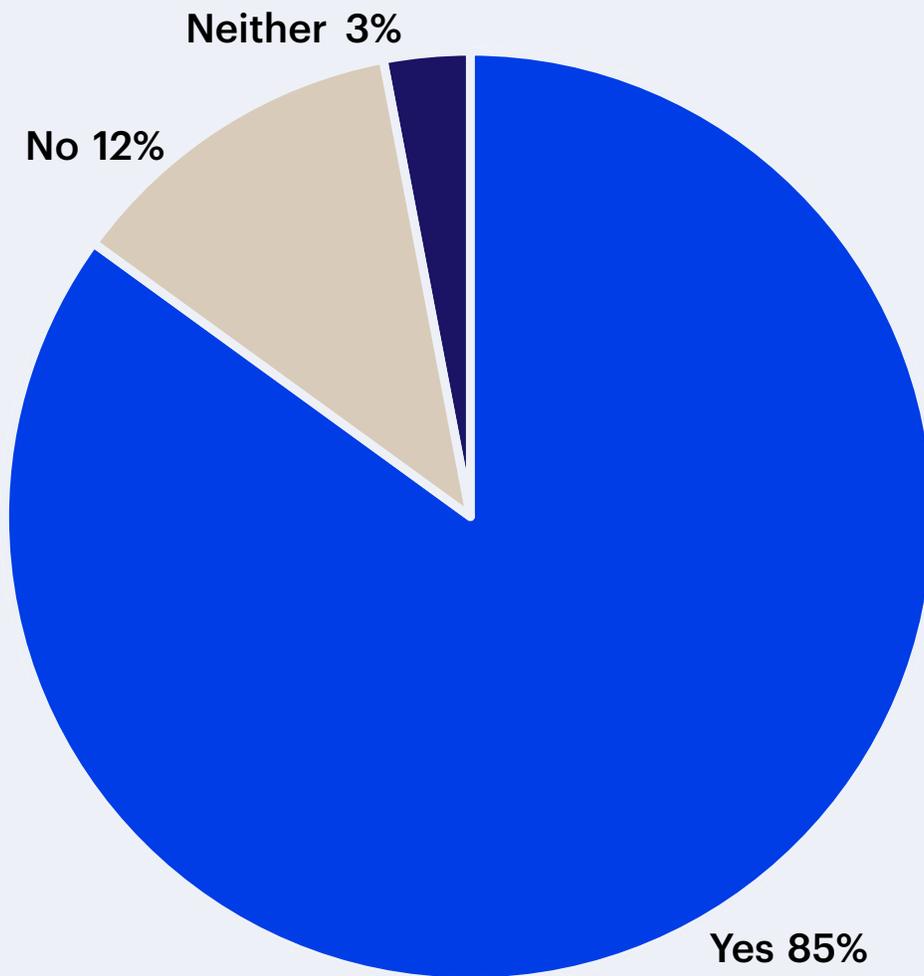
The respondents were required to answer all questions. None of the respondents had participated in a MarqVision survey before, so as not to affect results.

Section 1

Consumers are more likely to make false complaints during an economic crisis.

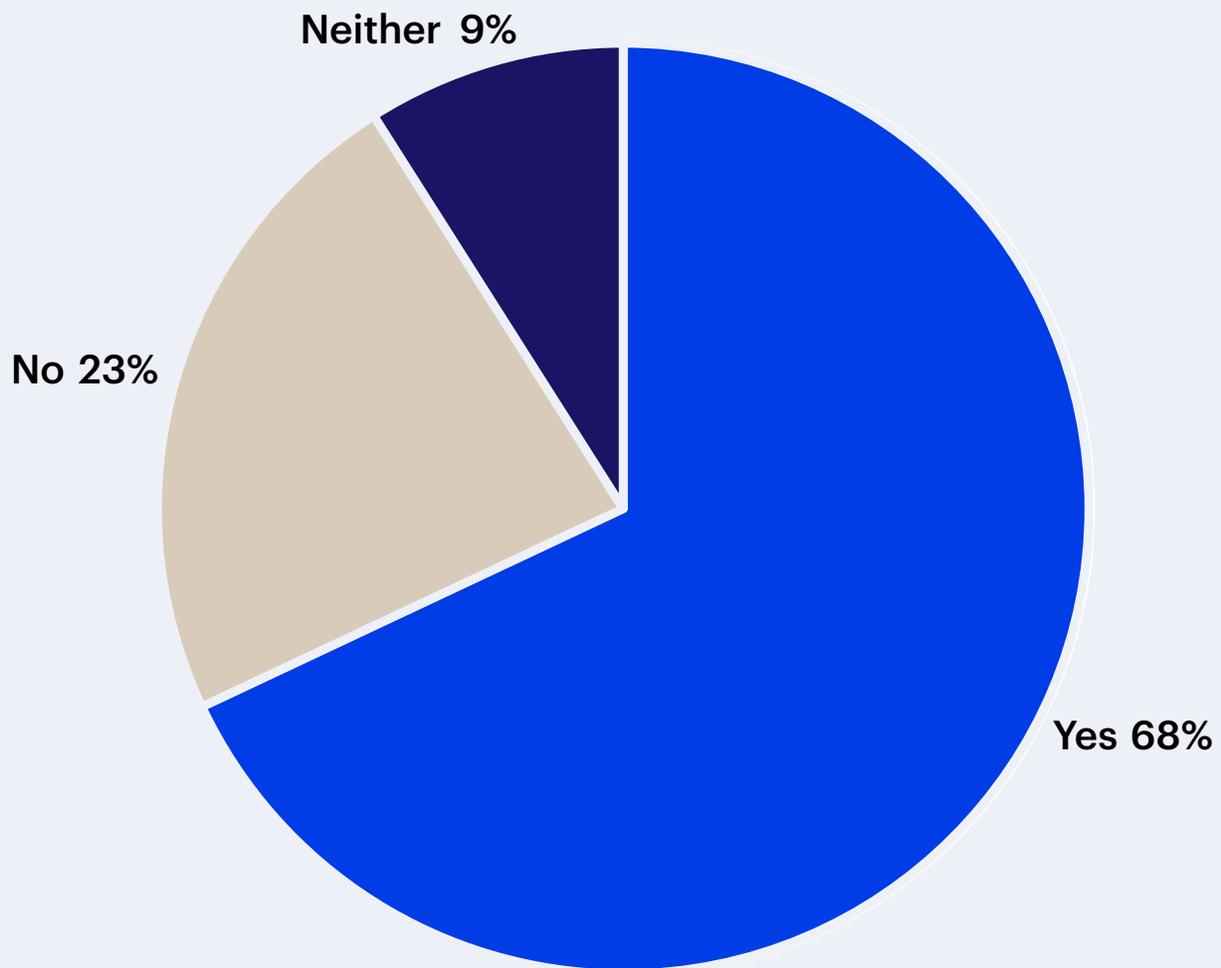
Question 1

During a downturn, would it be easier to get away with making fraudulent complaints?



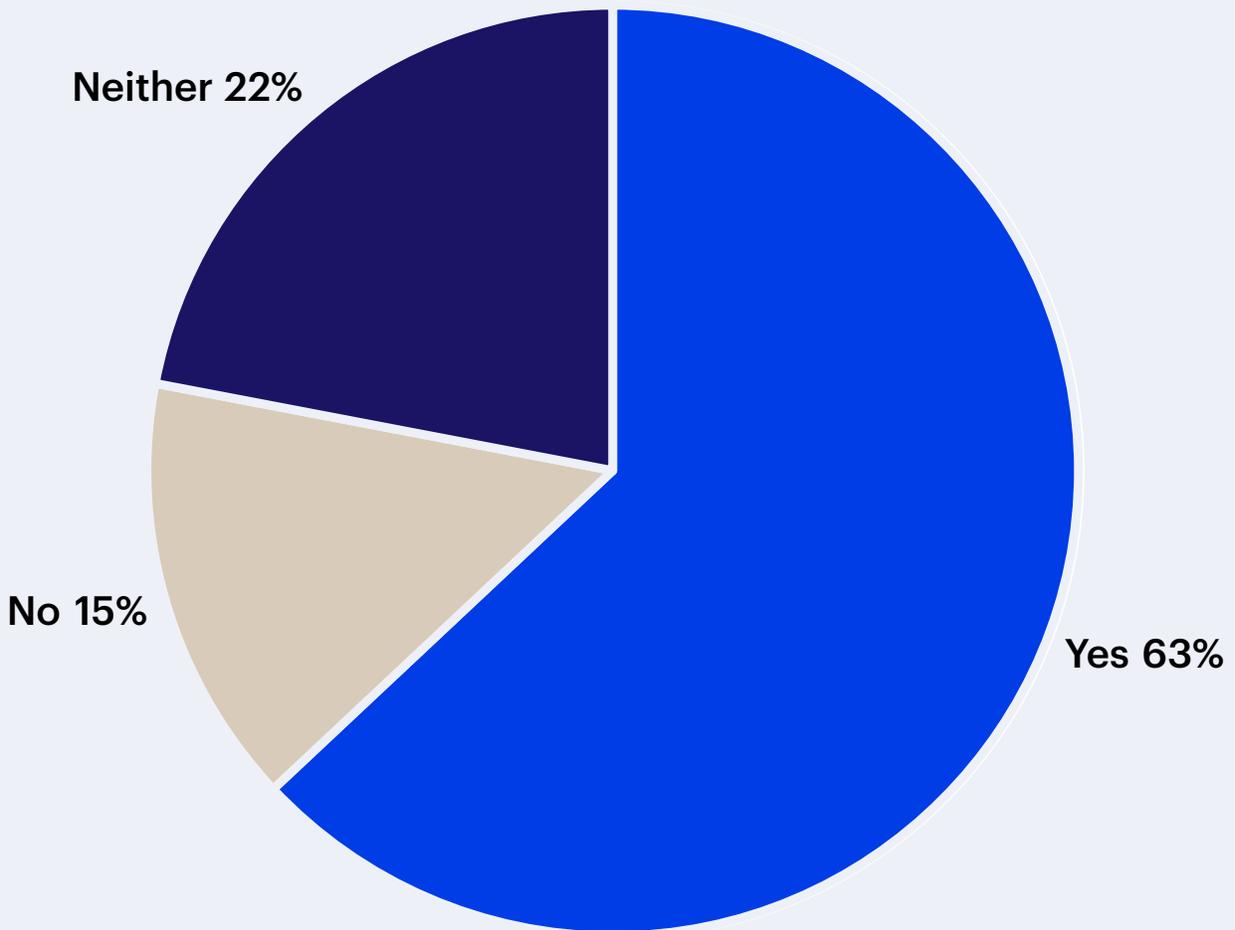
Question 2

During a downturn, would you be more tempted to try to save money by making fraudulent complaints?



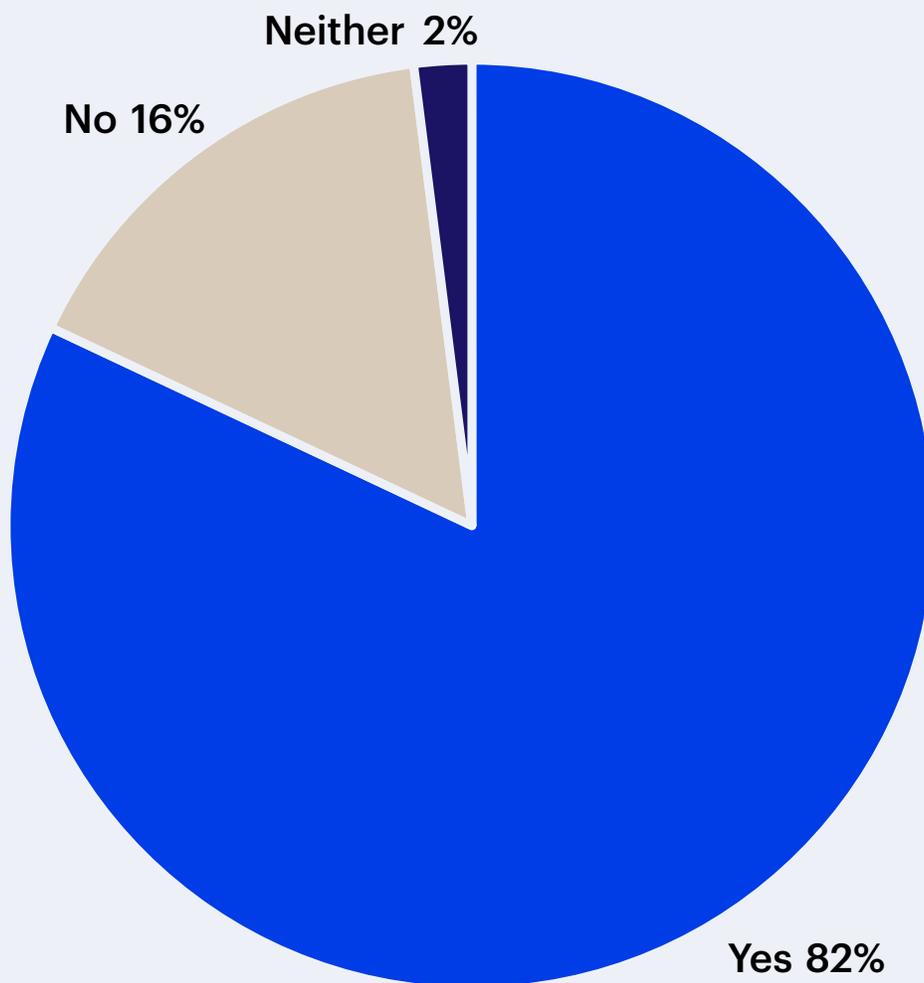
Question 3

During a downturn, would you feel less guilty about trying to save money by making fraudulent complaints?



Question 4

Do you expect the fraudulent customer complaints problem to worsen as the economy worsens?



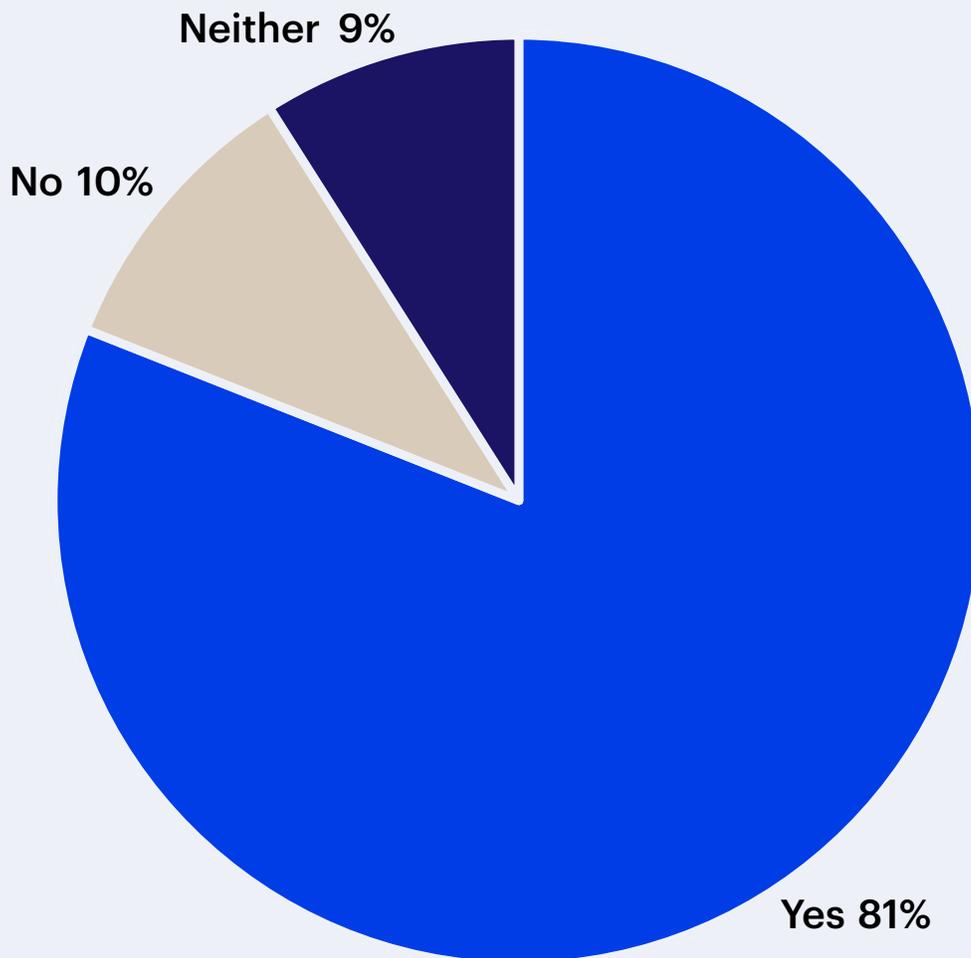
Section 2

Consumers are less likely to trust online retailers during an economic crisis.



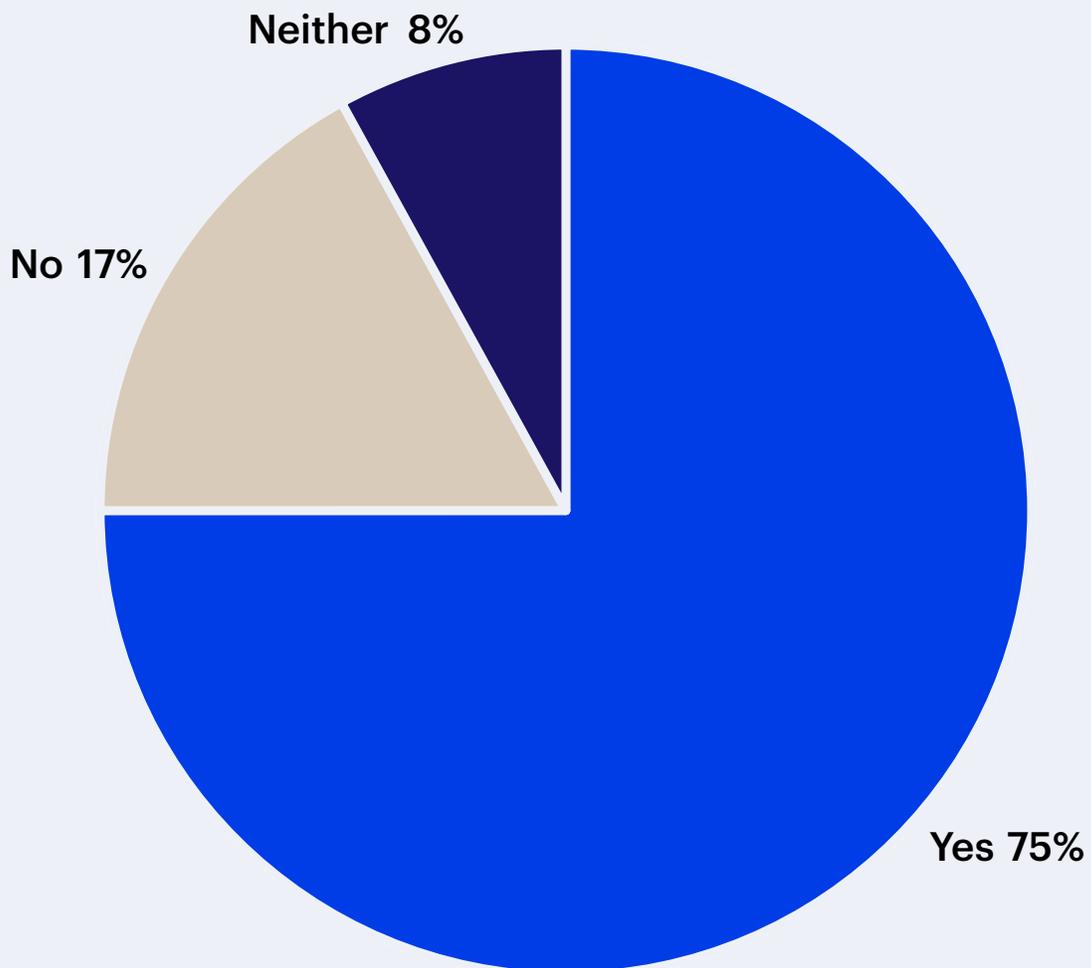
Question 1

During a downturn, are you more concerned about fraud committed by online sellers?



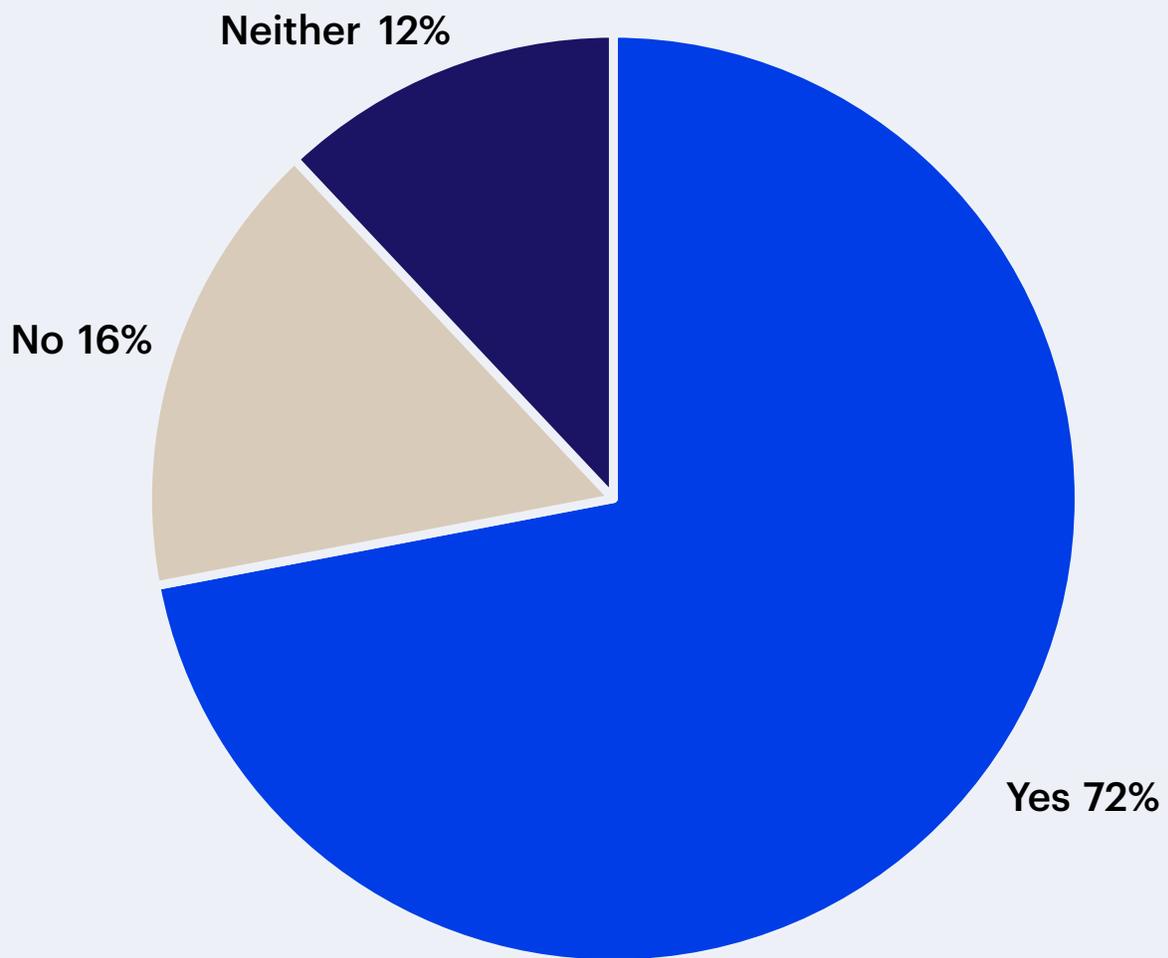
Question 2

During a downturn, do you think online sellers would be more tempted to commit fraud?



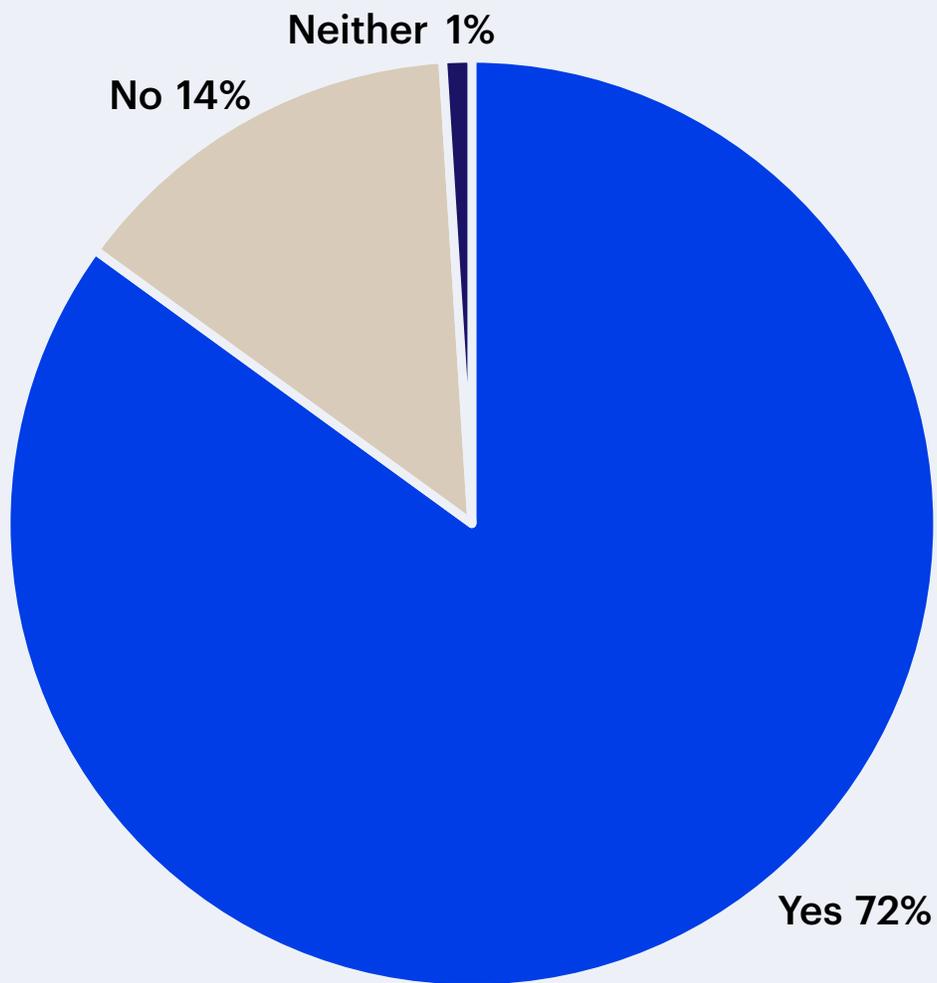
Question 3

During a downturn, do you think online sellers would feel less guilty about committing fraud?



Question 4

Do you expect the seller fraud problem to worsen as the economy worsens?



Conclusion

As our study implies, online retailers are likely to face two serious problems in the upcoming economic crisis.

First, there is likely to be an **increased level of fraudulent customer complaints**, such as falsely claiming that a product is defective in order to get a refund, or that an item is missing from the package in order to get some extras. The increased risk of fraud or false claims would **increase online retailers' costs**, both direct (lost sales) and indirect (shrinkage and return shipping costs).

Second, customers are likely to be **less trustful of online retailers**. The increased perception of risk would potentially discourage consumers' online purchases and ultimately **decrease retailers' revenues**, since trust is a precondition to purchasing.

Therefore, it is more important than ever for online retailers to implement measures **to deter false customer complaints** while **obtaining customer's trust**. Finding and adopting a solution that effectively achieves this dual purpose will be the key to weathering the upcoming economic crisis.