Holiday Scams: The Gift that Keeps on Taking

An AARP Survey of Montana Adults 18+

The COVID-19 pandemic had a monumental impact on consumers' social and purchasing behavior¹ – namely, moving more consumers online for social visits, purchases, and banking. With many COVID-related restrictions lifted and holiday shopping around the corner, AARP conducted a survey to examine what type of shopping consumers expect to engage in and how aware they are of potential fraud from searching for the perfect gift to sending it to the recipient. The phone survey (cell/landline) was completed in October 2021 by 503 Montana adults ages 18 and older who use the internet at least occasionally and indicate they typically shop for gifts, food, or decorations for a holiday or observance or event during the months of November through January. This survey yielded a maximum statistical error of $\pm 4.4\%$ at the 95% level of confidence. See page 9 for full Sample and Methodology description.

Key Findings

The impact of fraud, scams, and theft is widespread, with 74% of Montana adults reporting they have been targeted or victimized in the past.²

The pandemic drove many consumers to shop online last holiday season, and anticipated online shopping remains high this year. Gift cards remain popular heading into the 2021 holiday shopping season, with nearly two-thirds (62%) of Montana adults planning to purchase gift cards. Purchasing off the rack at grocery stores and pharmacies is most common (63%), but gift cards on store racks are also a known target for scammers.

About two-thirds (65%) of Montana adults will use their debit cards this holiday season and a third (37%) of peer-to-peer (P2P) payment platform users plan to use P2P. Both of these payment forms are subject to fraud risk.

Although many consumers plan on shopping online this holiday season, survey findings show that Montana adults don't know how to do so safely. Most respondents failed related questions on a short quiz. For example, only 31% of adults know that online retailers will not ask you for your login credentials to provide customer support, and only 45% know that using a credit card vs. a debit card online offers greater protections.

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).

²Calculated based on survey responses to Q5, Q13, Q21, Q23, Q24, and Q26.

The Impact of Fraud and Scams is Widespread With Threats Continuing

Fraud attempts continue to rise, with criminals ramping up attacks on consumers.³ About three out of four (74%) Montana adults age 18+ have been targeted by or experienced at least one form of fraud⁴, with monetary donation requests from fake charities topping the list (41%), followed by fraud when buying a product through an online ad (34%) and receiving fake notifications about shipping issues (32%).

**Personal
Experience with
Fraud and Scams**
(n=503 Montana
Adults 18+)

41%
Received a request for
a monetary donation
to a charity that felt
fake/fraudulent

34%
Experienced fraud
when buying a product
through an online ad

32%
Received a fake
notification about a
shipment issue

16%
Had a package stolen

16%
Have given and/or
received a gift card
with no funds on it

4%
Experienced fraud
when applying for a
seasonal job

74%
Have experienced at
least one of these³

³ Identity Fraud: Susceptibility is Not Specific to Age https://www.aarp.org/content/dam/aarp/money/scams_fraud/2021/10/JavelinReport.pdf

⁴ Calculated based on survey responses to Q5, Q13, Q21, Q23, Q24, and Q26

Online Purchasing Continues Following the Height of the Coronavirus Pandemic in 2020

While many are vaccinated against COVID-19 and pandemic-related restrictions have eased, most holiday shoppers will continue purchasing gifts and holiday items online in the upcoming holiday season. Two-thirds (66%) anticipate their online shopping through major online stores like Amazon or Walmart will be similar to or increase compared to last year's holiday season.

A third (34%) of consumers said they have made a purchase in the past 12 months by clicking on an advertisement on social media. This indicates a lack of knowledge of the fraud risks associated with clicking on social media ads: They can lead you to a cloned site of a legitimate store or download malicious software on your device.

34% have made a purchase via a social media ad in the past 12 months

Where Montana Consumers Shopped in 2020 and Plan to Shop in 2021 (n=503 Montana Adults 18+)

Type of Retailer	% Shopped in 2020	% More in 2021	% About the Same in 2021	% Less in 2021
In person at a specialty retailer/local small business	79%	21%	53%	20%
Major online store (i.e., Amazon, Walmart, or eBay)	75%	14%	52%	29%
In person at a major retailer (i.e., Target, Best Buy, or Kohl's)	67%	11%	54%	28%
Online at a specialty retailer/local small business	58%	15%	54%	22%
Online marketplaces (i.e., Etsy, Facebook's Marketplace, or Craigslist)	31%	8%	44%	34%

Gift Cards Are Increasing in Popularity This Holiday Season - 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. While half (50%) said they purchased gift cards last holiday season, over half (62%) said they will purchase them in the upcoming holiday season. Among those who purchased gift cards last year and plan to purchase them this year, most say they will purchase *about the same* (63%) or *more* (11%) gift cards.

Additionally, 63% of those who plan to buy gift cards this season intend to buy them off the rack at a retail store like a grocery store or pharmacy. This makes scammers happy: Consumer Reports noted in December 2019 that scammers have been tampering with gift cards on racks for years.⁵ 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, 16% of Montana adults surveyed 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 Cards in 2020 Compared to Plan to Purchase in 2021

(n=503 Montana adults 18+)

Where Consumers Plan to Purchase Gift Cards 2021 Holiday Season

(n=242 Montana adults 18+ planning to purchase gift cards)

Type of Retailer	% Yes
Rack at a retailer (e.g., pharmacy or grocery store)	63%
At store of specific retailer	57%
On website of specific retailer	27%
Online through auction, reseller, personal sales site	7%
Not sure	3%

Have Ever Given/Received Gift Card with No Funds On It

(n=503 Montana adults 18+)

⁵ How to Avoid Gift Card Scams <https://www.consumerreports.org/gift-cards/how-to-avoid-gift-card-scams/>

Most Montana Consumers will Use Their Debit Card this Holiday Season, and Many will Use a Payment App – This Could Spell Trouble

While most (84%) consumers will use a mix of payment methods while holiday shopping, nearly two-thirds (65%) will use their debit cards.⁶ Further, a third (37%) 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.⁷

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 are not typically recoverable. So, it is important to use them as directed. However, over a third (38%) of P2P users said they have sent money via one of these apps to someone they do not know well or to a seller with whom they have no previous history.

⁶ Based on a count of the multiple responses allowed to Q12 and how many indicate using 2 or more of the options.

⁷ 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>

Knowledge About Fraud and Scams is Limited Among Montana Consumers

To gain some insight into consumer awareness of safe shopping practices, survey respondents were asked to answer 8 true/false questions. Most respondents failed the 8-question quiz, with only 20% of respondents able to answer 6 or more questions correctly.⁸

Consumer Response to True/False Statements

(n=503 Montana Adults 18+)

True/False Statement	And the CORRECT Answer is.....	How Many Got it Right?
Online retailers like Amazon and eBay will request your login information to provide customer support.	<u>FALSE.</u> <i>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.</i>	31%
Peer-to-Peer payment apps like Cash App, Zelle, or Venmo have the same consumer protections as your credit card.	<u>FALSE.</u> <i>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.</i>	34%
Peer-to-Peer payment apps like Cash App, Zelle, and Venmo are only intended to be used to transfer money between people you personally know, like family, friends, the babysitter, or the lawn service.	<u>TRUE.</u> <i>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.</i>	44%
Credit cards and debit cards offer the same protections when shopping online.	<u>FALSE.</u> <i>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.</i>	45%
Ordering a free trial offer from an online retailer (with a small shipping charge) is a good way of trying out a product before you buy it.	<u>FALSE.</u> <i>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.</i>	51%
When searching online for customer support, the first customer service phone number that appears on your search results will connect you with a legitimate person from that company.	<u>FALSE.</u> <i>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.</i>	52%
Regularly updating software on your devices provides protection against fraud.	<u>TRUE.</u> <i>Software updates often contain patches to fix security issues that protect you from fraud.</i>	62%
Ads for merchandise that you see on social media, such as Facebook or Instagram, or other places online are trustworthy.	<u>FALSE.</u> <i>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.</i>	63%

⁸ Calculated from a count of the 'correct' responses to each statement

Charity Scams Pose a Threat This Holiday Season

The holidays are a time for giving: Four in five (80%) of our survey respondents said they tend to make more or about the same monetary donations during the holiday season than any other time of year. While credit or debit cards (47%) were used most commonly for monetary donations in the past 12 months, many consumers used methods that are targeted by scammers for being difficult to trace the money – like cash (31%) and gift cards (3%).

While vetting a charitable organization before making a monetary donation is important to avoid a scam, almost half (46%) said they don't always do this research beforehand. Reputable watchdogs include Charity Navigator, CharityWatch, and the Better Business Bureau's Wise Giving Alliance, and internet searches for the charity's name along with terms like "scam" and "complaints."

69% have donated money to a charity or cause in the past 12 months

41% have received a request for a monetary donation that they felt was likely fake or fraudulent

Sent Money to Charity/Cause With...
(n=347 Montana adults 18+ who donated money in the past 12 months)

Frequency of Researching Before Making a Monetary Donation
(n=503 Montana adults 18+)

Porch Pirates Are Also a Threat

Packages left on front porches unattended and in plain sight are easy targets for thieves. In fact, 16% of our survey respondents said they have had a package stolen from outside their door. This remains an issue in the upcoming holiday season, with half (61%) of Montana adults planning to send gift packages to family and friends over the holidays.

Additionally, about a third (32%) said they have received a fake notification from someone saying they are from USPS, FedEx, or UPS regarding a shipment issue. These scammers attempt to get in contact with you in order to steal your personal information.

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 again this season. 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 fraud, consumers can take these precautions:

- Know that major retailers will not ask you to share login credentials when providing customer support. If such a request comes your way, disengage immediately.
- Consider alternatives to front-door package delivery – see if the carrier can hold your packages at the closest location, or request that the carrier put packages in a place not readily seen from the street.
- Keep device operating systems and antivirus programs up to date.
- Online ads 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.
- 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 (most easily achieved with a password manager) and not clicking on links from online ads, emails, or text messages. Rather, type in the web address of the company that you know to be accurate. Stay safe and enjoy the season of holidays.

Full Methodology

AARP engaged ANR Market Research Consultants to conduct a quantitative research study among Montana residents age 18+. ANR completed a total of 503 telephone interviews (153 via landline telephones and 350 via cell phone). Respondents were screened to meet the following criteria:

- a. Age: 18+
- b. Resident of Montana
- 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 Montana – purchased from Aristotle. The list of 822,349 records was utilized to achieve a sample of 503 respondents. The list was randomly divided into 823 replicates of 1,000 records. Initially, 20 replicates were released for calling, with additional replicates being opened as necessary. In all, 23 replicates representing a total of 22,656 records were dialed to complete this study.

The survey was launched on October 8, 2021 and closed on October 18, 2021. Survey length averaged 19.7 minutes. The sample of 503 respondents yields a maximum statistical error of $\pm 4.4\%$ 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 ± 4.4 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 2019 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	503
Sample	22,656
Cooperation rate (COOP3)	79.1%
Refusal rate (REF3)	1.0%
Response rate (RR3) ⁹	2.4%

⁹ 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.