Online Barometer

Global Online Shopping Survey 2018
Facts, figures and fakery

Introduction

Taking it online

The retail industry is in a constant state of change. Brands are competing against each other and ecommerce giants for a share of the omni-channel retail pie with the goal of attracting and retaining customers. The constant rise of online shopping over the last few years has meant that for retailers with only physical stores, it is getting more difficult to remain relevant and competitive against the ease of shopping via websites and online marketplaces.

Globally, 1.66 billion people shopped online in 2017, according to Statista[1], but alone this figure doesn't really convey the enormity of the upward online shopping trend. Just five years ago, in the U.K., online sales represented 9.7% of total retail sales. In 2018, that figure is 18%, an increase of 85%[2].

In the U.S., the picture is similar. In 2013, online shopping represented just 5.8% of total retail sales; by the end of 2017, this increased to 9%, a rise of 55%[3] .

Retailers are going to great lengths to improve their online offerings, leading to true omni-channel concerns. The Internet does present a significant opportunity for them, but they are not the only ones who are benefiting from this upsurge in online shopping.
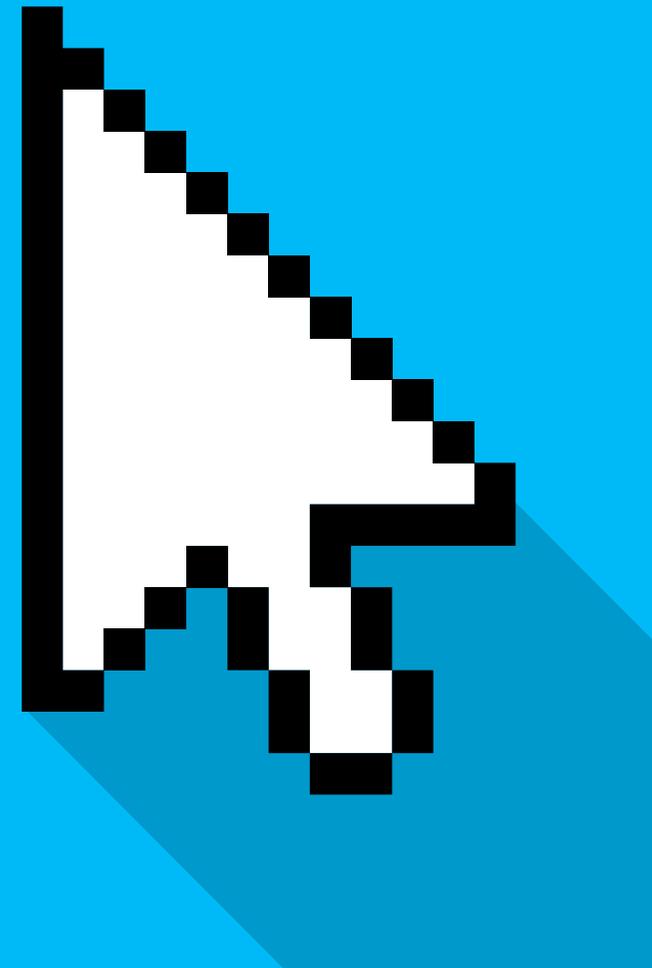
Counterfeiters, fraudsters and cyber criminals are cashing in, too. Just as the web can be used to promote, market and sell legitimate brands, it is the ideal tool for counterfeiters to use to sell their fake goods.

Combatting counterfeiters requires a concerted effort from brands, the relevant authorities and the consumer. To understand more about how consumers feel when it comes to shopping online, inadvertently buying counterfeit products and how they view the role of brands in keeping them safe, we commissioned research firm Vitreous World to conduct an independent survey of 2,600 consumers across the U.K., U.S., Germany, France and Italy.

[1] https://www.statista.com/topics/871/online-shopping/
[2] https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi
[3] https://www.statista.com/statistics/379112/e-commerce-share-of-retail-sales-in-us/

The facts about fakes

Many see counterfeiting as a harmless, victimless crime, but it has far-reaching consequences and negatively affects brands, consumers and the economy at large. From a brand point of view there is the loss of revenue, loss of customer trust and loss of market confidence. For consumers, many are duped into buying fake goods (our research consistently shows that most shoppers would never intentionally buy a counterfeit product online), which means they've lost their money and could even be placing themselves at risk.

Counterfeit goods no longer just fall into the realm of luxury items like clothing, handbags and jewellery. There is a counterfeit market for almost everything; from apparel and accessories, footwear and luggage, to cosmetics, pharmaceuticals, electronics and toys. Fake cosmetics and pharmaceuticals can have a significant impact on health, while counterfeit electric goods and toys can pose a risk to health and safety.

According to a report, in the U.K. the market for counterfeit electronics is valued at approximately £1.3 billion ($1.6 billion) per year, with faulty products causing 7,000 household fires each year[4]. If you consider the cost of these fires to property and human life, then the true cost of counterfeiting becomes clear.

Figures on fakes

30% of consumers have accidentally purchased fake products over the last five years

49% say they've unintentionally bought fake products as gifts

45% are worried about buying fake goods as gifts

84% would never buy fake goods as gifts intentionally

Consequences of counterfeits

- Job losses
- Funding organised crime
- Health and safety
- Impact on brand reputation
- Loss of consumer trust

Research highlights

- Consumers continue to shop online – but are not blind to the dangers and still have concerns

- People are still being duped by counterfeiters and unintentionally buying fake goods

- Buying fakes affects the perception consumers have of genuine brands

- Consumers believe brands should be doing more to protect them

4 http://www.journaloftradingstandards.co.uk/counterfeit-goods/the-real-cost-of-fake-goods/

The good, bad and ugly of online shopping

It is no surprise that online shopping is on the rise. It is convenient, offers consumers endless choice, and the perception is that it often delivers far greater bargains than can be found in a physical store.
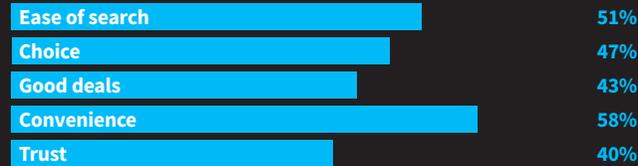
Our 2018 research shows that global consumers continue to shop online, with more than one-fifth (22%) saying they do between 26% and 50% of all shopping (outside of grocery shopping) online. In addition, one-fifth (20%) say they do between 75% and 100% of their shopping online.

Also unsurprisingly, shopping behaviour changes over the festive period with an increase in online shopping compared to the rest of the year. While 91% of consumers do some portion of their festive shopping online, one-quarter say they do between 26-50% of it online.

While consumers don't do all of their festive shopping on the web, they are spending more money online than in store. We asked respondents where they spent most of their money while shopping over the festive season and the majority (54%) say either via online marketplaces (37%) or directly through a brand's website (17%). In-store shopping still plays a role (38% say they spend most of their festive budget in physical shops) but this is slightly down from the 2017 figure of 41%.

When asked about the reasons for spending the majority of their money via these channels, the answers were as follows:

Overall

Ease of search	51%
Choice	47%
Good deals	43%
Convenience	58%
Trust	40%

Physical Store

Ease of search	48%
Choice	35%
Good deals	34%
Convenience	53%
Trust	37%

Brand website

Ease of search	49%
Choice	46%
Good deals	45%
Convenience	60%
Trust	33%

Online Marketplaces

Ease of search	61%
Choice	63%
Good deals	54%
Convenience	68%
Trust	50%

Looking at the overall picture, the reasons reflect the top four benefits of choosing to shop online; convenience (58%), ease of searching for what you need (51%), choice (47%) and finding good deals (43%). Consumers placed trust in the channel fifth on the list (40%), preferring ease of the winter shopping experience over security.

That is not to say consumers trust every channel or that their confidence in shopping online is absolute. Instead, concerns about security and confidence depend on where and how they spend their money. However, trust in the channels listed above has actually shifted upwards, from 30% in 2017 to 40% in 2018.
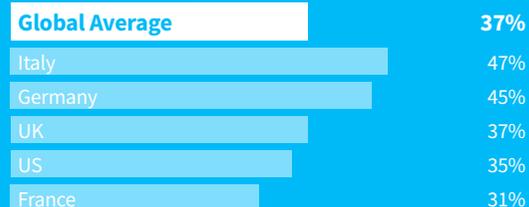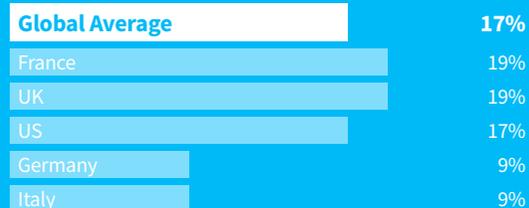
Who's raking it in over the festive season
Where shoppers spend the most money — per country

Online marketplace

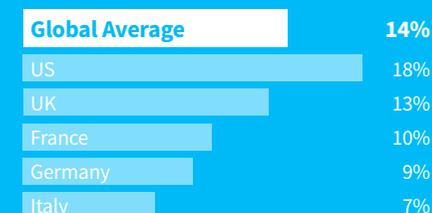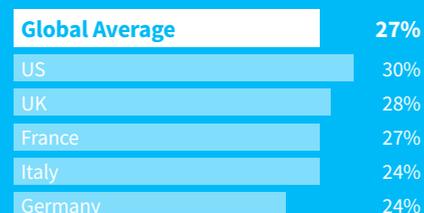|	
Global Average	37%
Italy	47%
Germany	45%
UK	37%
US	35%
France	31%

Brand website

Global Average	17%
France	19%
UK	19%
US	17%
Germany	9%
Italy	9%

In store

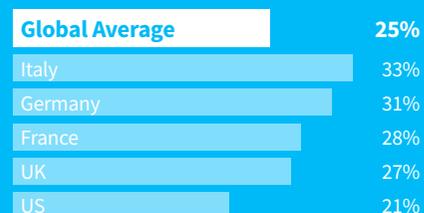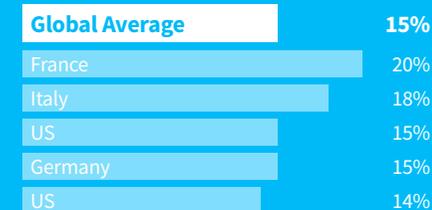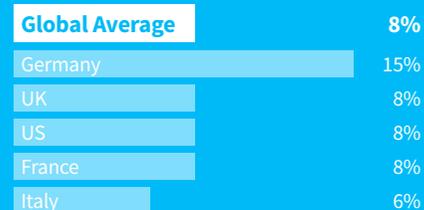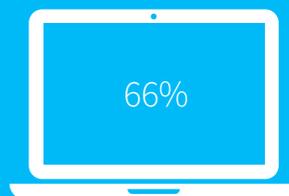|	
Global Average	38%
France	46%
US	40%
Italy	39%
Germany	37%
UK	35%

Looking at the specific amounts transacted over the Internet, the potential for brand abuse and counterfeiting becomes clear. Twenty-seven percent of consumers spend between £/$/€251 and £/$/€500 on festive gifts each year, with a further 25% spending between £/$/€101 and £/$/€250.

Big festive spenders - per country (£/$/€)

1-50

Global Average	8%
Germany	15%
UK	8%
US	8%
France	8%
Italy	6%

51-100

Global Average	15%
France	20%
Italy	18%
US	15%
Germany	15%
US	14%

101-250

Global Average	25%
Italy	33%
Germany	31%
France	28%
UK	27%
US	21%

251-500

Global Average	27%
US	30%
UK	28%
France	27%
Italy	24%
Germany	24%

501-1000

Global Average	14%
US	18%
UK	13%
France	10%
Germany	9%
Italy	7%

Most popular devices for shopping online

PC / Laptop	Smartphone	Tablet	Smart TV
66%	52%	24%	8%
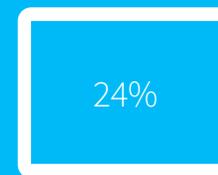
It's a question of trust

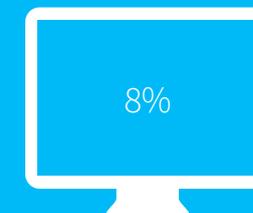Consumers are no longer naive. In fact, they are becoming increasingly savvy when it comes to online shopping – not only in terms of bargain hunting, but also when it comes to security. Almost two-thirds (63%) of respondents say they check the trustworthiness of websites by looking at online reviews, 43% say they check for SSL certificates, 43% look at the returns policy, and 39% analyse the grammar and spelling on the website. This shows that consumer awareness of counterfeit websites and risks associated with online fraud is high.

This is also demonstrated by the 46% of consumers having concerns about using their credit card online. This was higher amongst French (65%) and Italian (51%) respondents.

When asked about specific issues they were worried about, consumers listed the following:

Hackers stealing details   65%
(U.S. 72%; France 69%; U.K 59%; Germany 58%; Italy 51%)

Identity theft   59%
(U.S. 73%; U.K. 54%; France 49%; Germany 45%; Italy 37%)

Scammers stealing money   56%
(Italy 67%; U.S. 57%; France 56%; Germany 56%; U.K 53%)

Buying something by mistake 33%
(France 39%; Italy 35%; U.K. 34%; U.S. 33%; Germany 19%)

The higher than average figure from U.S. respondents around loss of personal details and identity theft is most likely due to the fact that this is a significant issue in that country, one that continues to rise. In 2017, 16.7 million people had their identity stolen (a rise of 8% from the year before), according to the 2018 Identity Fraud Study by Javelin Strategy & Research[5].

When it comes to specific channels, consumers exhibit the highest confidence in online marketplaces (88% confidence rating) and lowest in shopping via a sponsored social media advert (33% confidence rating). The expectation here is that marketplaces are safer. But this may not always be the case as many fake products are actually bought via these channels, as discussed further on in the report. Many marketplaces do have mechanisms in place to deal with counterfeit sales and mitigate risk, and work closely with brands, but the challenge remains.
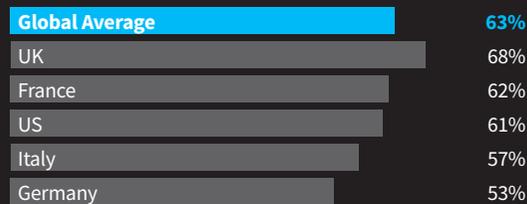
Trusted channels - confidence rating

Online marketplaces

Global Average	88%
Italy	93%
UK	88%
US	87%
Germany	86%
France	84%

Clicking on a link in search results

Global Average	63%
UK	68%
France	62%
US	61%
Italy	57%
Germany	53%

Smartphones

Global Average	59%
US	64%
UK	59%
Italy	59%
Germany	50%
France	45%
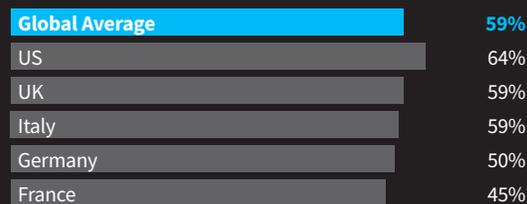
Paid-for adverts in search results

Global Average	38%
Germany	43%
UK	39%
US	38%
Italy	37%
France	35%
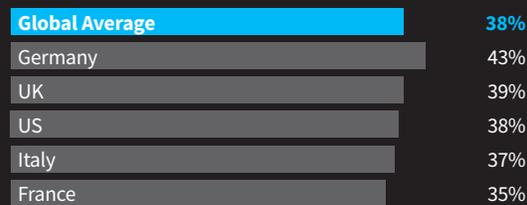
Link in social media post

Global Average	38%
US	42%

Sponsored social media advert

Global Average	33%
US	37%
Italy	35%
France	33%
UK	31%
Germany	28%
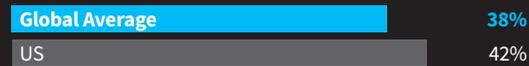
We asked consumers that showed low or no confidence in the above channels why they found them untrustworthy. The main concern was they were worried about buying fake products. This fear was highest when clicking on links in search results and less so shopping via smartphone apps:

Fear of buying fakes

- Clicking on a link in search results   62% (51%)
- Clicking on a paid-for ad in search results   61% (55%)
- Sponsored social media advert   61% *
- Clicking on a link in a social post   60% (61%)
- Online marketplaces   56% (40%)
- Smartphone app   52% (44%)

- 2017 figures
- *no 2017 data available

The concern didn't stop there. Despite the fact that social media use is on the rise, with 3.196 billion people using social media globally and smartphone users now hitting 5.14 billion[6] — confidence in using social media as a shopping channel is not very high and consumers seem reluctant to use it. According to our research, 53% don't use it at all to shop. Of the 47% who say they were willing to use it as a shopping channel, they were more inclined to do so if:

- The channel is liked by friends and family (21%)
- There is the use of video to show the products (21%)
- There is a strong use of imagery (21%)
- The product is endorsed by a celebrity (13%)

Consumers also cited security as a concern when asked about abandoned shopping carts. Seventy-seven per cent of respondents say they have left an online shopping cart without completing an order. While the main reasons for this included finding cheaper deals (54%) and running out of time (24%), consumers also say they had concerns over the security of the payment page (27%) and questioned the legitimacy of the website (21%).

Again, this demonstrates that consumers are aware of the dangers, proactively evaluate websites and don't blindly make purchases where they feel uneasy.

[6] https://blog.hootsuite.com/social-media-statistics-for-social-media-managers/

The real story about fake products

Despite the awareness around the dangers of shopping online, and the increasing savviness of consumers, shoppers are still being duped into buying fake products. The prevalence of fakes on the Internet, coupled with the sophisticated methods counterfeiters are using to market and sell them, means it's not always easy to spot one. In the past the adage of *if it's too good to be true, it probably is* was one of the ways to spot a fake. Now, however, counterfeit goods can be found scattered throughout the Internet, on social media sites, marketplace listings and branded websites. And they are not always noticeably that much cheaper, or visibly different from the real thing.

This is why extra vigilance is needed by the consumer, and why brands need to ensure they're doing all they can to protect their reputation, their bottom line and, most importantly, their customers.

This sentiment is reflected in the research findings.

The majority of consumers (88%) who have fallen victim to counterfeiters say they believe brands should be doing more to protect them from the online counterfeit threat.
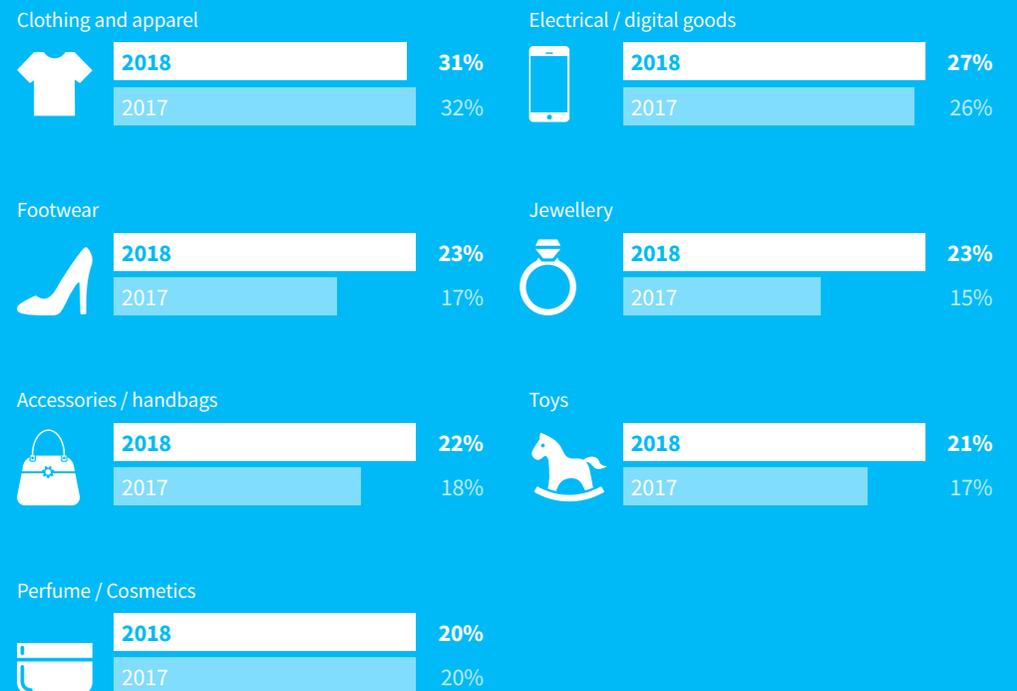
This is not an unfounded reaction; over the last five years, 30% of consumers have unintentionally bought a fake product online. Of this number, 13% say they did so once, while 8% say they've been duped 2-3 times.

Looking at the past year alone, almost one-quarter (24%) of consumers have accidentally bought a counterfeit product online. One in ten consumers say they've only been duped once in the past year, but 6% say it's happened 2-3 times, 4% say it happened 3-5 times, and a further 4% say it's happened more than five times.

Brands should do more

2018 – 88% of consumers agreed
2017 – 86% of consumers agreed

2018 88%
2017

Which products are fake?

Clothing and apparel

| 2018 | **31%** |
| 2017 | 32% |

Electrical / digital goods

| 2018 | **27%** |
| 2017 | 26% |

Footwear

| 2018 | **23%** |
| 2017 | 17% |

Jewellery

| 2018 | **23%** |
| 2017 | 15% |

Accessories / handbags

| 2018 | **22%** |
| 2017 | 18% |

Toys

| 2018 | **21%** |
| 2017 | 17% |

Perfume / Cosmetics

| 2018 | **20%** |
| 2017 | 20% |

The concern around accidentally buying fakes extends to festive presents, too. Forty-five per cent of consumers say they worry about buying a fake product as a gift, while a staggering 68% actually have done so unintentionally in the past. Reassuringly, the appetite for buying authentic festive gifts is high — 84% of respondents say they would not intentionally buy a counterfeit.

The reasons for shying away from buying these counterfeit gifts include quality (having the product break and cause disappointment) 52%; funding criminals 52%; causing harm 42%; and causing embarrassment 39%.
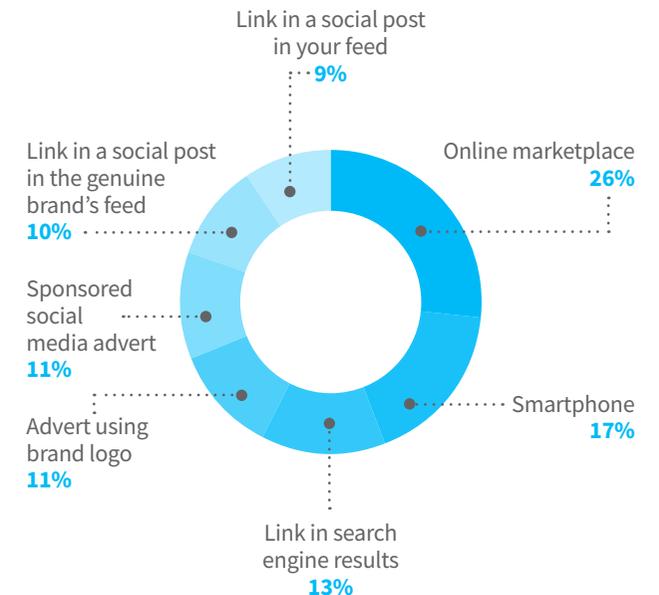
Consequences and cost

Along with the disappointment of discovering a product is a counterfeit, consumers also find they've lost money. Almost one-third of consumers say they've spent between £/$/€1 - £/$/€50 on counterfeit goods, while 23% say they've spent between £/$/€51 - £/$/€100.

But what are consumers doing about it? We asked respondents what they did when they discovered the item in question was a fake:

	They sent the products back	32%
	Warned family and friends about the brand	27%
	Stopped spending on the brand	26%
	Perception of the brand worsened	22%
	Posted a negative review on an independent site	20%
	Wrote a negative social media post about the brand	17%
	Complained to the genuine brand	16%

Interestingly, the majority of these fake goods were bought via an online marketplace, identified as the channel in which consumers had the most confidence (88%) when it came to security. While consumers seem to trust this channel the most and even spent a significant portion of their festive budgets there, online marketplaces are not immune from counterfeiting, which demonstrates the importance of online brand protection and the role of the brand in keeping its customers safe.

Counterfeits:
Where they came from

Link in a social post in your feed **9%**

Online marketplace **26%**

Smartphone **17%**

Link in search engine results **13%**

Link in a social post in the genuine brand's feed **10%**

Sponsored social media advert **11%**

Advert using brand logo **11%**

Conclusion

In today's online environment that is fraught with risk, it is more important than ever before for brands to ensure they are protecting both themselves and their customers.

Consumers are savvy and aware of the threat of shopping online in terms of both fraud and purchasing counterfeit goods; they have a good understanding of how to evaluate the legitimacy of sites and have a fair distrust of shopping via newer online channels, such as social media. Despite this, they are still falling foul of counterfeiters and inadvertently buying fake products, for themselves and as gifts.

The prevailing attitude is that brands should be doing more to protect shoppers from buying counterfeits. The consequences of counterfeit products are far-reaching; affecting not just the genuine brand, customer trust, and revenues, but also the wider economy in terms of job losses, health and safety, and even funding criminal activities[7].

Combating counterfeiting remains a key mission for brands – not just in the luxury goods market, but across all industries. For many, this includes developing a comprehensive online brand protection strategy as part of a wider brand protection plan. At the heart of this strategy: the consumer. Whether this plan is implemented and managed in-house, or with the help of a brand protection expert, the fact remains that it is vital in the fight against counterfeiting and counterfeiters.

[7] https://www.theguardian.com/money/2018/dec/03/christmas-shoppers-warned-over-rise-in-fake-goods-counterfeits

Methodology

In November 2018, 2,600 consumers were surveyed to gain insight into their online shopping behaviour, experiences with counterfeit products and their perception of brands. The sample included a cross section of respondents from the U.K. (1,000), U.S. (1,000), Germany (200), France (200) and Italy. Research was conducted by independent survey firm, Vitreous World, and data was collected via online interviews.

About Clarivate Analytics

Clarivate Analytics is the global leader in providing trusted insights and analytics to accelerate the pace of innovation. Building on a heritage going back more than a century and a half, we have built some of the most trusted brands across the innovation lifecycle, *including Web of Science, Cortellis, Derwent, CompuMark, MarkMonitor and Techstreet. Today, Clarivate Analytics* is a new and independent company on a bold entrepreneurial mission to help our clients radically reduce the time from new ideas to life-changing innovations.

About MarkMonitor

MarkMonitor, the leading enterprise brand protection solution and a *Clarivate Analytic*s flagship brand, provides advanced technology and expertise that protect the revenues and reputations of the world's leading brands. In the digital world, brands face new risks due to the Web's anonymity, global reach and shifting consumption patterns for digital content, goods and services. Customers choose *MarkMonitor* for its unique combination of advanced technology, comprehensive protection and extensive industry relationships to address their brand infringement risks and preserve their marketing investments, revenues and customer trust.

To learn more about MarkMonitor, our solutions and services, please visit **markmonitor.com** or call us at **1-800-745-9229**

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