IMPACT OF COVID-19 ON ECOMMERCE SALES
FIND OUT HOW THE RECENT SURGE IN ECOMMERCE IS IMPACTING BRANDS
Section 1

Consumer sentiment
Shoppers are concerned about inauthentic products like counterfeit face masks.

Section 2

Consumer buying behavior
More people are turning to the web to buy goods.

Section 3

Why consumers are choosing ecommerce
Online shopping is an option to avoid crowds and an alternative to empty shelves in local stores.
### Key Findings

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>68%</td>
<td>Of U.S. shoppers are concerned there might be more inauthentic or poorer quality products sold online.</td>
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<tr>
<td>58%</td>
<td>Of customers are buying more online than usual.</td>
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<tr>
<td>73%</td>
<td>Of respondents will further increase their online shopping compared to in-store if COVID-19 outbreak continues.</td>
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<tr>
<td>59%</td>
<td>Of U.S. shoppers are making more snap purchasing decisions in light of the pandemic.</td>
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<tr>
<td>60%</td>
<td>Would increase online shopping if they were worried about catching the virus in stores.</td>
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<tr>
<td>45%</td>
<td>Of U.S. shoppers were unaware of the problem of counterfeiting.</td>
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*Market Research*
COVID-19 has changed daily life for people across the globe. Since the virus was named a pandemic by the World Health Organization (WHO), financial markets have been in turmoil, thousands of restaurants and public spaces have closed, travel reservations have dwindled, and shoppers have been scrambling to stock up on daily necessities.

Factory closures have disrupted supply chains as well. Tech shipments are lagging from Chinese closures, and factories in other parts of the world may send workers home in the coming weeks.

Some products have seen a spike in demand while others are suffering a slump. In this survey, we’ll look at which product segments are seeing growth and which are stagnant. One thing is certain: the internet

Market Research
is quickly becoming the only place for shoppers to get what they need, whether basic necessities or gadgets to pass the time.

During this time, counterfeiters could jump on increased demand for vitamins, health products, games, electronics, headphones, and technology peripherals. Children toys could also see a rise in counterfeits—that’s concerning because knockoffs rarely meet regulations.

Demand for office supplies has grown as more people are trying to work from home, and the same is happening with homeschooling materials. Any bump in demand presents an opportunity for counterfeiters to ride the wave if legitimate sellers aren’t monitoring the marketplace for fakes. As China recovers, some
counterfeiters may have an advantage over brands with European or American supply chains—those supply chains may still face factory closures in the future.

Amazon recently announced that it’s hiring 100,000 extra workers to help in shipping fulfillment and related areas because of an increase in demand. The company has also taken down thousands of price-gouging sellers. That’s good news, but brands still need to remain vigilant in monitoring counterfeit products.

The big question is whether this short-term increase in online shopping will translate into long-term change. If people who are new to online shopping have positive experiences, they may continue to incorporate more ecommerce purchases into their spending habits.
Methodology

Red Points conducted a survey of 1,000 U.S. aged between 18 and 55, between March 11th and 12th, 2020. The sample included people from different regions of the U.S. To better understand participants’ responses, some questions allowed them to select more than one answer. None of the participants had responded to a Red Points survey before, so as not to affect results.
1

CONSUMER SENTIMENT

Market Research
The first question in our survey was meant to let participants know exactly which coronavirus the subsequent questions were about. There have been multiple types of coronavirus over the years including MERS and SARS. We let participants know that this survey was about the novel coronavirus COVID-19.

This new virus was identified in China in January of 2020 and has since spread to more than 150 countries. Each participant acknowledged that they knew about the virus and would answer the rest of the questions with COVID-19 in mind.
Question 2
To what extent do you agree or disagree with the following statement? ‘I am concerned that there might be more inauthentic or poorer quality products sold on ecommerce sites as a result of the Coronavirus outbreak’

Here, 68% of shoppers said they were concerned about counterfeits and poor quality products being sold online during this time. On the other hand, only 11.2% said they were not concerned, and the remaining participants didn’t feel one way or the other.

On the whole, many people are aware of inauthentic products. The average shopper knows that more people are turning to ecommerce sites during this time and that fraudulent sellers can take advantage of this trend.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>33.7%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>34.3%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>20.8%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>6.3%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>4.9%</td>
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</tbody>
</table>
Question 3
Do you think it is possible to catch Coronavirus from packaging on the products you buy online?

Survey participants were almost evenly split between the three answers to this question, with slightly more people saying they do think it’s possible to catch the virus from packaging. Whether this sentiment translates into decreased online shopping is unclear since most people are increasing their online shopping habits anyway.

Note that some research has suggested the COVID-19 virus can live on non-porous surfaces like plastic and metal for a few days and porous surfaces like cardboard for up to 24 hours. Online shoppers can wipe down the outside of a package with a standard disinfectant if they are worried about the virus.

Consumer Sentiment
Question 4
Recent news reports suggest that some online retailers are selling counterfeit face masks in order to profit from the Coronavirus outbreak. Were you previously aware of the issue of online counterfeits?

Close to half of all participants were not aware of the online counterfeit issue. Looking at age ranges, over two-thirds of people between 18-24 and 35-44 were aware, while the rest of the participants were divided about in half. The Centers for Disease Control and Prevention (CDC) lists the certifications and labels that face masks are required to display. These labels show that a mask has passed regulations — unfortunately, many sellers are simply printing the labels on inferior masks to sell them as genuine. Fake face masks are unreliable and could cause more health concerns, like many other knock-off health products.
2

CONSUMER BUYING BEHAVIOR
Question 5
To what extent do you agree or disagree with the following statement? ‘Due to fears over the Coronavirus outbreak, I have purchased more items online compared to in-store than I normally would’

It’s clear that many people are turning to ecommerce platforms and web stores to shop. In answering this question, 57.9% of those surveyed said they have increased online shopping vs. shopping in-store. As the outbreak continues, more shops and malls will continue to close down. For some areas, online shopping is already the only option. We can expect this trend to continue over the near term as well.

![Bar chart showing responses to the question.]

- Strongly agree: 34.4%
- Somewhat agree: 23.5%
- Neither agree nor disagree: 17.0%
- Somewhat disagree: 11.1%
- Strongly disagree: 14.0%
Question 6
Due to fears over the Coronavirus outbreak, which products are you more likely to purchase online instead of in-store?

Looking at the answers to this question, personal care products, household products, and packaged goods are at the top of the list. This makes sense, as people want to stock up on items that they regularly use or consume in daily life. Personal care products could include the infamously sold-out toilet paper or other things like face masks and cosmetics. With more time inside, people can treat themselves to at-home spa days. Home exercise equipment may also see an increase in demand so people can stay in shape while avoiding the gym.

![Bar Chart showing consumer buying behavior](chart.png)

**Consumer Buying Behavior**
Question 7
To what extent do you agree or disagree with the following statement? ‘I am more likely to make snap purchasing decisions when shopping online because I am scared that these products will sell out’

In the social climate around the virus, there’s a feeling of scarcity and even panic. It makes sense that over half of the participants, 58.9%, said they are more likely to make snap decisions when buying online. Unfortunately, this isn’t the best way to shop for authentic products. Right now, shoppers are valuing speed and price over authenticity.

Impulse buyers are much more prone to purchasing fake items than people who take their time shopping. Yet, each day brings more lists of school and business closures and heightened social distancing recommendations. There isn’t much time for the average shopper to find out if an item comes from an authorized dealer, a gray market seller, or a counterfeit seller. If the item they want is in stock, they buy it, no matter who sells it.

![Bar Chart]

Consumer Buying Behavior
Question 8
As the Coronavirus outbreak continues, do you think you will increase your spending in any of the following areas?

Streaming services and books were the most popular answers here, and 59.0% of participants would increase their spending in at least one of the five areas. Since social distancing is so important to slow the spread of COVID-19, these in-home entertainment options will be popular for the duration of the virus. Also in a similar category would be board games, puzzles, journals, and musical instruments.

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### Consumer Buying Behavior

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books</td>
<td>35.2%</td>
</tr>
<tr>
<td>Films</td>
<td>30.1%</td>
</tr>
<tr>
<td>Streaming services</td>
<td>37.2%</td>
</tr>
<tr>
<td>Apps</td>
<td>23.8%</td>
</tr>
<tr>
<td>Games</td>
<td>17.7%</td>
</tr>
<tr>
<td>None of the above</td>
<td>41.0%</td>
</tr>
</tbody>
</table>
WHY CONSUMERS ARE CHOOSING ECOMMERCE
Question 9
If the Coronavirus outbreak continues to expand, how likely are you to increase/further increase your online shopping compared to in-store?

72.8% of participants said they were likely to increase online shopping as a result of the outbreak. That’s when there is an in-store option available. Over the coming weeks, more cities will close malls and high street shopping areas, and that will continue to drive traffic for ecommerce marketplaces.
Question 10
As the Coronavirus outbreak continues, which of the following would make you more likely to shop online instead of in-store?

The vast majority of participants would shop online to avoid crowds. Only 5.8% of participants said none of these reasons would make them more likely to shop online.

- If the product I was looking for was sold out: 59.4%
- If I was worried about catching the virus while shopping: 60.4%
- If I wanted to avoid crowded areas: 52.6%
- None of the above: 5.8%
Question 11
If you do/were to shop online more as a result of the Coronavirus outbreak, what do/would you value the most from an online ecommerce retailer?

It’s concerning that product authenticity doesn’t come in first, second, third, or fourth place for this question. At this time, people value quality, delivery speed, price, and the trustworthiness of the seller more. However, it’s fully possible for a trustworthy seller to sell inauthentic products.

Here, the price of an item was most important to the older age group — 71.5% of participants over the age of 55 choose that option. Product quality was the most important thing for everyone else except for 35- to 44-year-olds who chose the speed of delivery.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed of delivery</td>
<td>56.6%</td>
</tr>
<tr>
<td>Price</td>
<td>53.6%</td>
</tr>
<tr>
<td>Product quality</td>
<td>62.1%</td>
</tr>
<tr>
<td>Refund policy</td>
<td>36.8%</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>51.8%</td>
</tr>
<tr>
<td>Product authenticity</td>
<td>47.2%</td>
</tr>
<tr>
<td>N/A - nothing in particular/I don’t know</td>
<td>7.9%</td>
</tr>
<tr>
<td>Other</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
KEY TAKEAWAYS
Conclusion

In light of the COV-19 outbreak, ecommerce channels are experiencing an exceptional increase. In moments of high demand and rashed buying decisions, counterfeiters can jump on the opportunity and sway buyers in their direction. This means brands need to stay on top of rogue channels more than ever.

How COVID-19 Alters Market Supply

Many factories in China had closed as a result of the country’s quarantine at the end of January. Now, in mid-March, the situation in China is under control and things are beginning to return back to normal. That means factories are coming back online, too. But the worst is still to come for manufacturing operations in Europe and the Americas.

National borders continue to shut down and restaurants, theaters, parks, and bars are closing in many cities across the globe. People have been urged to work from home. While the trade of goods is still open between nations, factories in Europe and the United States may take China’s lead and shut down completely for a time.

Key Takeaways
Implications for brands

Unfortunately, many counterfeit suppliers are concentrated in China’s nimble factory network. China’s factory workers are already past the worst part of the virus. That means counterfeiters may be in a better position to jump on renewed demand before legitimate sellers can reopen production. In other words, brands that manufacture outside of China could be handicapped in the fight against counterfeits. This is another reason why monitoring and shutting down rogue sellers is important.

Key Takeaways
Customer Communication Is Key

The conditions for authentic products to win over fakes aren’t great. People are choosing speed of delivery and low prices over authenticity. Also, many shoppers are buying on impulse instead of doing research on sellers, as the results show that most people are worried that what they need will run out.
Implications for brands

Many companies have already notified their customers via email lists or in-app alerts about special changes in services during the outbreak. As part of that communication, brands should remind their customers exactly which channels supply genuine products, and they should warn customers about fakes in the marketplace. Doing so is more important than ever in these volatile market conditions.

We saw in this survey that a large number of participants were unaware of the issue of counterfeiting. Warehouses of lookalikes are always waiting to take market share from brands, and customers who don’t know any better may jump on these items when the opportunity comes up. A strong brand protection strategy paired with open customer communication can help brands get through this unstable time and come out ahead.
Want to learn more about how Coronavirus may impact brands?

The findings from this research are discussed in depth in the Webinar Impact of Covid-19 on ecommerce.

Watch for free by following this link.

Find out more at redpoints.com