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# CRACKING THE INVULNERABILITY ILLUSION:

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**Stereotypes, Optimism Bias, and  
the Way Forward for Marketplace  
Scam Education**

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 INSTITUTE for  
MARKETPLACE  
**TRUST**™



**Marketplace scams affect one in four households each year at an estimated loss to individuals and families of \$50 billion, yet most consumers believe they are invulnerable.**

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## EXECUTIVE SUMMARY

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Marketplace scams affect one in four households each year at an estimated loss to individuals and families of \$50 billion, yet most consumers believe they are invulnerable. This paper offers key findings and recommendations from a 2016 survey by the Better Business Bureau (BBB) of more than 2,000 adults in the U.S. and Canada. Participants were asked about their perceived vulnerability to scams, who they think is most likely to be scammed, and about the factors that helped them to avoid being scammed.

BBB's survey results show strong evidence of optimism bias; individuals tend to believe that others are more at risk of being scammed than themselves. They also view scam victims through a distorted lens – as elderly, alone, and pitiable, or gullible, unintelligent, and worthy of scorn. In fact, earlier research – buttressed by BBB's survey results – supports an understanding that we are *all* at risk, and that those most likely to be victimized tend to be *younger* and *better* educated. These findings have important implications for public education and awareness efforts. For individuals to be receptive, they must first recognize their own vulnerability.

The shame and stigma attached to scam victimization contributes to under-reporting of these crimes. This study found that when individuals do report, they are most often motivated by a desire to warn others rather than the hope of recovering their lost funds. A public education effort is needed that taps into this desire to help, tackling the illusion of invulnerability through the stories of victims from all segments of society, while conveying the knowledge and information needed to detect and prevent fraud.

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## INTRODUCTION

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Marketplace schemes and fraud are major sources of economic loss, the burden of which is borne both by the immediate victims and by the full range of actors in the legitimate marketplace. The perpetrators of scams unfairly compete with legitimate businesses in a zero-sum game that undermines marketplace trust and throws a wrench into the gears of our economy. Research points to a vast parallel marketplace; it is estimated that one in four households and 17% of the population will become a victim each year (Huff, Desilets, & Kane, 2010). Annual losses are estimated at more than \$50 billion (Deevy & Beals, 2013).

Scam, sham, scheme, flimflam, swindle, or con—whatever the name, the fraud game has likely been around for as long as humanity itself. The problem has been defined as activity involving “the deliberate intent to deceive with promises of goods, services, or other financial benefits that in fact do not exist or that were never intended to be provided” (Titus, Heinzelmann, & Boyle, p. 1). Today, this definition can be extended to include activities such as identity theft and malware, fraud for which there may be no direct deceptive interaction between the perpetrator and the victim. We refer to these activities collectively as marketplace scams.

While a number of studies have sought to understand the scope of the problem and the behavioral or psychological markers that distinguish scam victims, less has been done to identify the knowledge and information that might be effective in preventing scam targets from becoming scam victims. This paper presents findings from a February 2016 survey by the BBB of 2,021 individuals in the U.S. and Canada. This survey was conducted to inform public awareness efforts, and to better understand the stereotypes and false assumptions around scam victimization that may be barriers to effective outreach and prevention. Participants were 18 or older, were recruited by our panel partner, and responded to an e-mail invitation to complete an online survey. The margin of error for the study was +/- 3.1%, with a confidence level of 95%.



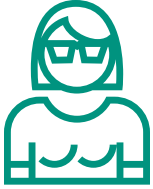
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## PERCEIVED INVULNERABILITY

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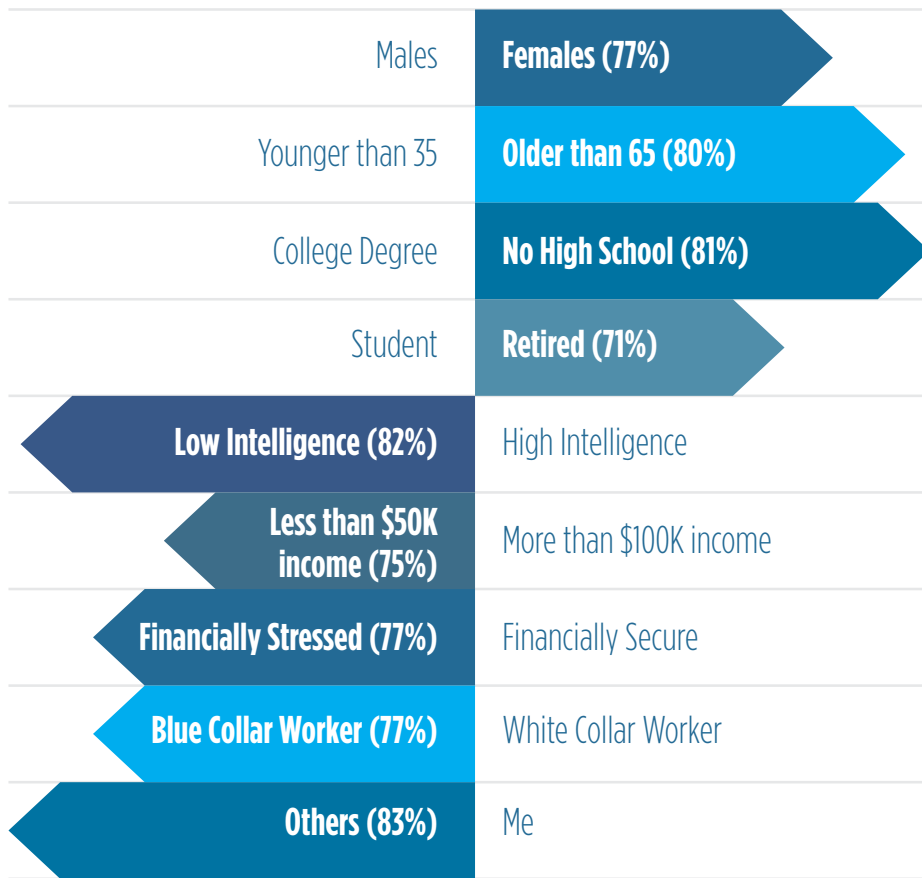
### Perceived Typical Victim

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***She is less educated, less intelligent, elderly, lower income, and less financially secure. Most significantly, she is decidedly *not me*.***

Optimism bias – the tendency for individuals to believe they are less likely than others to fall victim to negative events – is associated with risk-taking behaviors and failure to heed precautionary advice (Weinstein, 1984). This association is hardly counterintuitive; it stands to reason that individuals who believe they are not at risk will be less receptive to efforts to provide protective information. The challenges of auto safety awareness efforts serve as an excellent example. Self-professed “good drivers” resist buckling up. A few drinks and a short drive home? No problem – drunk driving is something “bad people” do. It seems the most intractable societal problems are perceived as someone else’s problem, and that “someone else” is often reduced to a flat caricature – the distorted embodiment of stereotypes, often negative, that coalesce to represent the “other.” The danger inherent in these false perceptions is that they leave potential victims feeling invulnerable.

While there is no shortage of anecdotal evidence suggesting that stereotypes around scam victimization are ubiquitous, BBB’s survey research sought empirical confirmation and insight into the nature and pervasiveness of these perceptions in the population. Respondents were presented with opposing demographic characteristics and asked to select those most likely to be associated with the victim of a scam. The result of this inquiry, shown in Figure 1, begins to form the outline of the perceived “typical” victim. *She* is less educated, less intelligent, elderly, lower income, and less financially secure. Most significantly, she is decidedly *not me*.



**Figure 1:** Responses to survey question, *From the profiles below, which do you believe are more likely to be the victim of a scam? Please select the option closer to the group that you believe is most at risk.*

When asked to provide the adjective that first comes to mind when thinking of an individual likely to be scammed, “gullible,” “naive,” “elderly,” and adjectives synonymous with “stupid” were the most commonly used (see Table 1).

Response	% of Total
Naïve/Innocent/Trusting	<b>19%</b>
Gullible	<b>12%</b>
Dumb/Fool/Ignorant/Loser/Idiot/Uneducated	<b>8%</b>
Elderly/Old/Senior	<b>7%</b>
Vulnerable	<b>6%</b>
Uninformed	<b>4%</b>
Victim	<b>2%</b>

**Table 1:** Responses to open-ended survey question, *What adjective first comes to mind when you think of a person who is likely to be scammed?*

BBB has identified two broad categories within which these descriptors generally fall. In the public consciousness, victims appear to be pigeonholed into one or the other:

**The pitied victim**—The pitied victim is vulnerable, elderly, and alone.

**The scorned victim**—The scorned victim is stupid, ignorant, and lacking in common sense.

While the notion of the pitied victim elicits a desire to help and protect, and the scorned victim to blame or ridicule, both may be equally unhelpful in solving the problem as neither is compatible with an internalized belief in personal risk. Media coverage, with victims shaped to fit squarely into these categories, risks being digested by the public simply as intriguing “real life drama” affirming their beliefs. Sympathy or schadenfreude may be the outcome rather than any desirable change in behavior.

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## THE TRUE NATURE OF THE PROBLEM

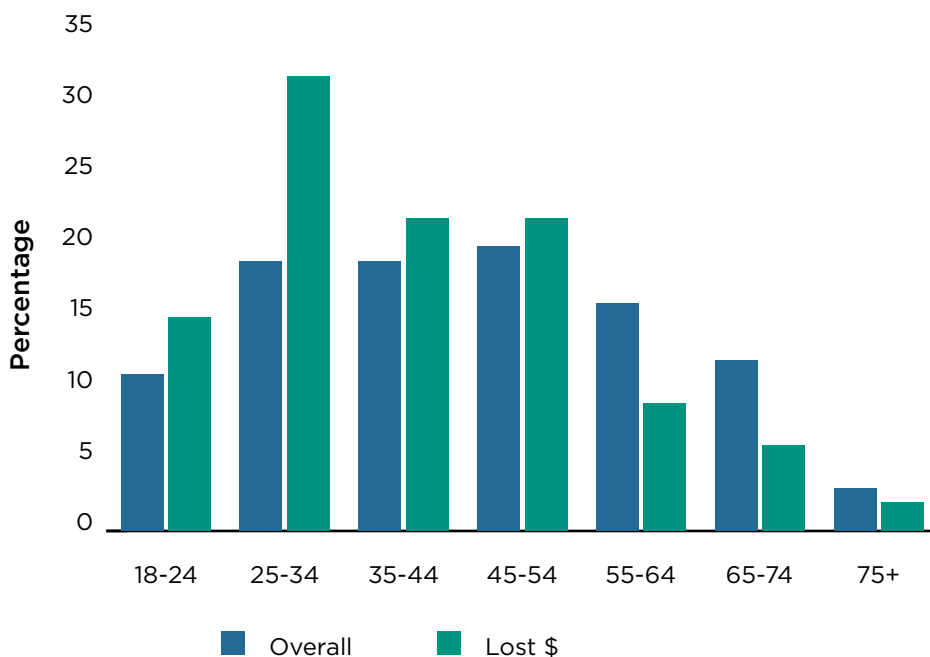
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Research exploring the demographic characteristics of actual scam victims paints a far more complex picture of relative risk, exposing public perceptions as grossly oversimplified, and often simply inaccurate. Collectively, these findings support an understanding that all segments of society are at risk - we are all vulnerable. The difference between those who have and have not been conned appears to be largely a matter of exposure (Holtfreter, Reisig, & Pratt, 2008). Far from the prevailing stereotypes, several studies have found that those most likely to be exposed, targeted and ultimately victimized are the young, the middle-aged, and the better educated (Anderson, 2004, 2011; Rebovich & Layne, 2000; Titus et al., 1995; Van Wyk & Mason, 2001).

BBB's survey results lend further support to these earlier findings, challenging widely held beliefs about scam victims. Survey respondents who acknowledged losing money to a scam in the prior year were both younger (Figure 2) and more likely to be highly educated than the overall sample (Figure 3).

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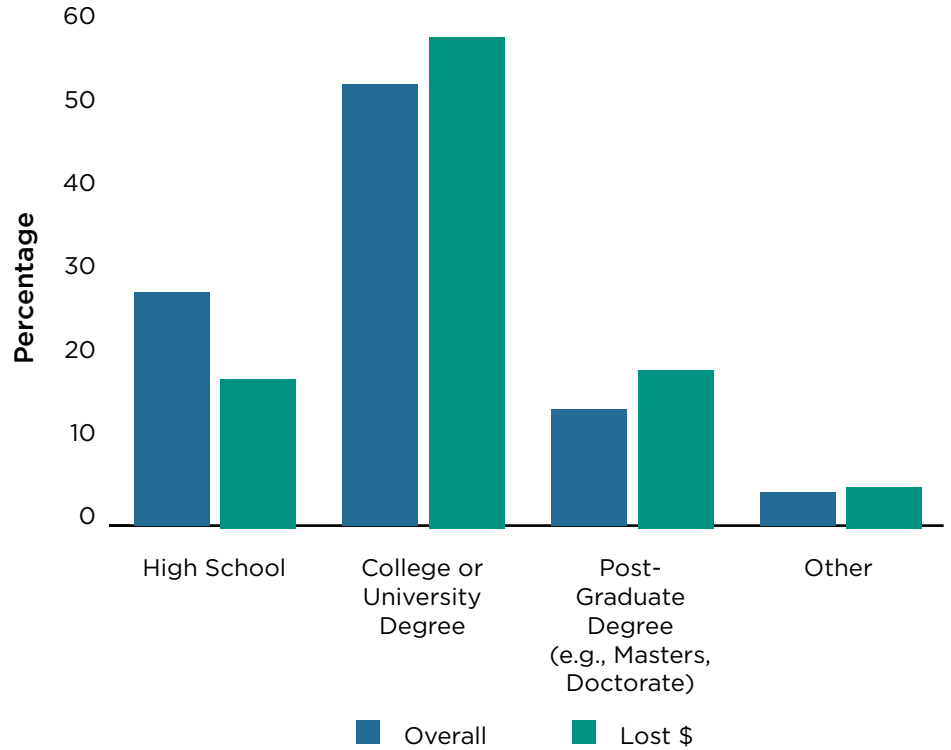
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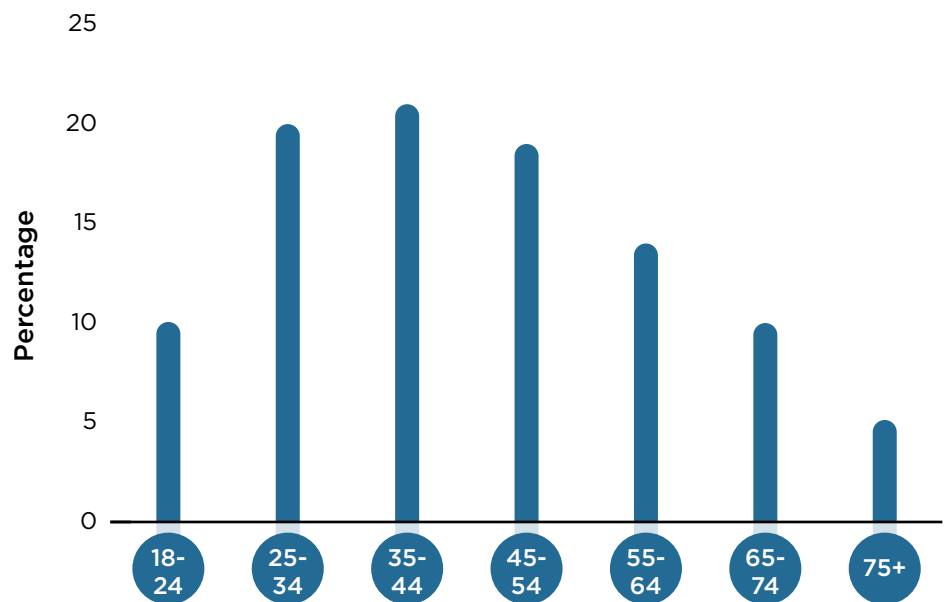
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**Figure 2:** Age of previous-year victims as compared to all respondents.

**Figure 3:** Education level of previous-year victims as compared to all respondents



Data reported in 2015 to BBB Scam Tracker, BBB’s online reporting and tracking tool, show a similar trend with respect to the age of individuals who were swindled (Figure 4). Those least likely to report a loss were age 75 or older, while those most likely to report a loss were between the ages of 25 and 54. It is important to qualify that BBB Scam Tracker data is based on information from those who have chosen to report their victimization.



**Figure 4:** 2015 BBB Scam Tracker age range distribution of 1,715 individuals reporting dollars lost to a scam.



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## FUTURE DIRECTIONS IN CONSUMER EDUCATION

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### Leverage Technology, Crowdsourcing, and Altruism

While the themes of deception and misappropriated trust are perennial, fraudsters have evolved alongside the legitimate economy in their sophistication, reach and use of technology and innovation. The “snake oil salesman” traveling from door-to-door or working a small carnival crowd is a world away. Today’s con artists strike from the anonymity and distance of the Internet, quickly and affordably casting a wide net to catch unsuspecting victims in their carefully spun cons. They operate as shapeshifters, often masquerading as the corporations, agencies, and institutions we trust the most, and they use the tools of the legitimate economy to separate victims from their money. If awareness efforts are to be effective, they must be as nimble and responsive as the scammers themselves, leveraging technology to bring real-time information to the public about current scam types and techniques.

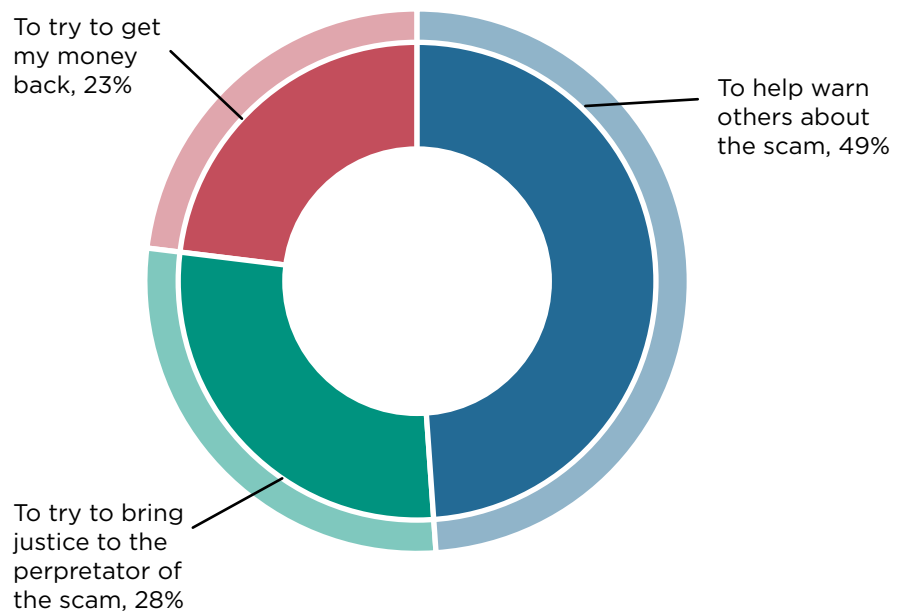
Even as the Internet and new technologies have undoubtedly facilitated the expansion of the scam marketplace, they must also be embraced as part of the solution. While there is no question the online world is rife with cons and fraudulent schemes, it also overflows with examples of people helping one another – displays of human kindness from individuals we call “citizen heroes.” From virtual fundraisers to blogs and message boards spilling over with helpful advice, there is no shortage of goodwill in the online community. Leveraging the reach of the Internet to channel this human desire to help can turn the tables on fraudsters. It is a potential game changer from both the prevention and prosecution angles. The voices and stories of others have the potential to normalize the problem in a positive way, shedding the shame and stigma of victimization with the message that, if it can happen to other people *like me*, it can happen to me.



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From a data collection angle, the power of this altruistic impulse so readily apparent on the web cannot be overstated. A 2006 UK study found that 57% of those who report being the victim of a con are motivated to help ensure that others are not victimized (Office of Fair Trading, 2006). This phenomenon was confirmed by BBB's own survey results showing that 49% of respondents would be motivated by a desire to warn others if they were to report a scam (Figure 5). These findings are important; under-reporting is a frequently cited challenge to better understanding the prevalence and nature of marketplace fraud. The belief that reporting will be futile, keeps victims silent. This silence in turn limits law enforcement's ability to act.



**Figure 5:** Response to survey question, *From the options below, if you reported being scammed, what would be your primary motivation?*

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## BBB SCAM TRACKER

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To help consumers fight back, BBB is using the very technology scammers have so ably deployed. BBB Scam Tracker, launched in 2015, is a new tool that enables the public to report scam activity, from bogus IRS notices to phishing scams to phony shopping sites. BBB Scam Tracker collects and presents scam data in a searchable online “heat map,” showing consumers the number and types of scams and hoaxes reported in their communities. The tool provides a window on the scam landscape, enabling data-driven consumer alerts and tips based on current information. Data are also shared with law enforcement agencies for investigative purposes.

BBB Scam Tracker’s crowdsourced approach is designed to leverage the altruistic impulse. The details of an individual’s report appear on the BBB Scam Tracker map alongside the stories of other victims and targets who have come forward to help. Consumers we surveyed said they were more likely to turn to BBB to report scams than anywhere else (including the police), and BBB was identified as second only to Google for researching scams. We can expect this trend to gain momentum with the growth of BBB Scam Tracker.

## Take Aim at Optimism Bias

While the collection and dissemination of real-world victimization stories is a positive step forward, absent a perception of personal risk, it is unlikely that individuals will be receptive to messages that attempt to change their behavior. Research supports the efficacy of public education messages that heighten perceptions of personal risk, particularly when such messages are combined with information that boosts confidence in one’s ability to protect oneself (Sheeran, Harris, & Epton, 2013). Motivation to take protective action requires both the sense that one is vulnerable and the tools to do something about it. Effective public education must take a twofold approach; it must confront its audience with messaging that runs counter to stereotypes and perceived invulnerability while simultaneously providing information that empowers individuals to avoid becoming victims.

As previously discussed, a number of studies, including BBB’s own research, support an understanding that we are all at risk. Assessing the true demographic characteristics of scam victims is complicated by under-reporting and other factors, but the evidence pointing to younger and more highly-educated individuals is difficult to reconcile with public perceptions. The image of the elderly and/or gullible victim is so entrenched that a conscious effort to tell the stories of victims who do *not* fit this image may be helpful in counterbalancing these false perceptions toward an understanding that fraud is a pervasive threat to which no one is immune.

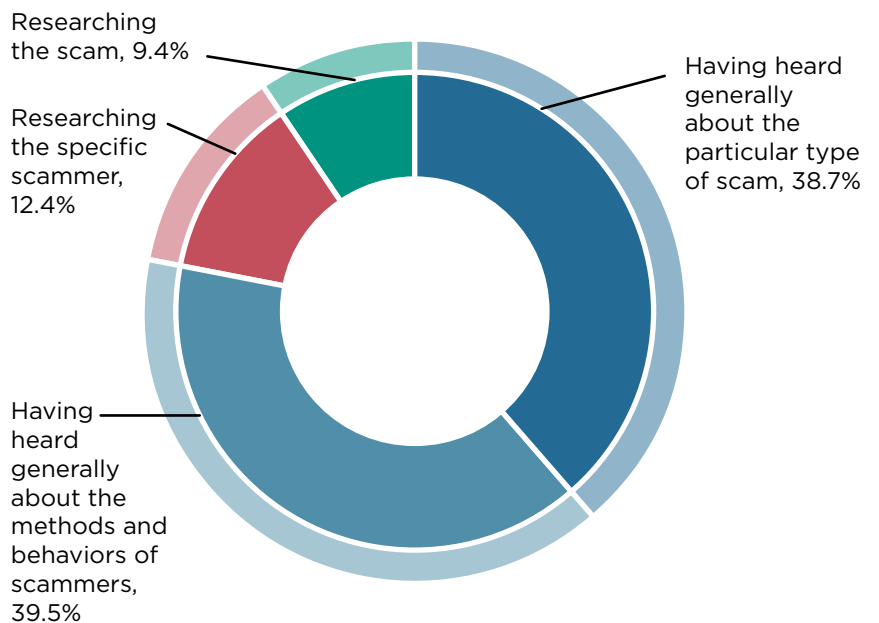


Nearly 80% of respondents identified general knowledge of the types of scams currently being deployed and the common methods and behaviors of scammers *prior* to being targeted as highly protective.

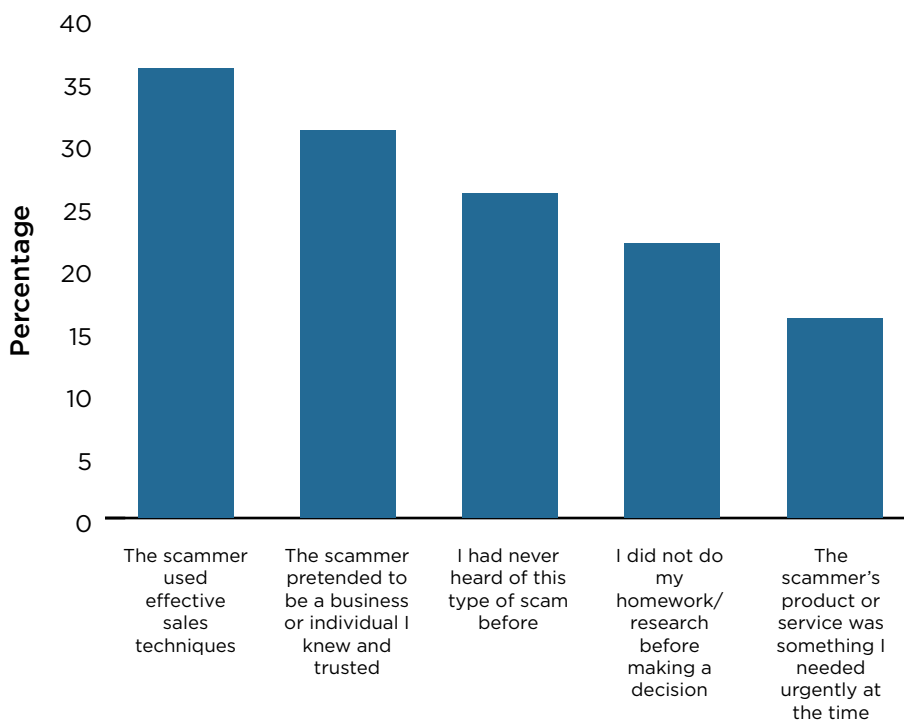
**Figure 6:** Survey response to the question, *Think of a time when you or someone you know was the target of an unsuccessful scam attempt. From the options below, what helped most to avoid being scammed?*

## Provide Preemptive Information

BBB's survey results provide new insights into the nature of the information that is protective when individuals are targeted by a con. Respondents were asked to identify factors that were most important in helping them or someone they know to avoid becoming the victim of a scam attempt. The results (Figure 6) suggest that general knowledge of the types of scams currently being deployed and the common methods and behaviors of scammers *prior* to being targeted is highly protective. Nearly 80% of respondents identified one of these two factors as most protective, while just over 20% identified research done *after* being approached by a scammer as most protective.



Survey participants were also asked to think of a time when a scam attempt was successful and to identify the top three factors that contributed to that success (Figure 7). Nearly half indicated that not having heard of the scam before or not having researched the offer before making a decision were contributing factors. The most frequently cited factors were the persuasive sales techniques used by scammers and their ability to successfully impersonate trusted businesses and individuals.



**Figure 7:** Response to survey question, *Think of a specific instance where you or someone you know lost money to a scam. Which of the following factors contributed to the scam being successfully perpetrated?*

Taken together, these results suggest that the best protection may be to arm the public with general information about scammers' techniques and trending scam types *before* they are targeted and to keep that information as current as possible. To have the greatest impact, public education efforts must be data-driven and targeted to address prevailing scam types and methods. We know of no better way to accomplish this than by keeping a finger on the pulse of the scam marketplace through collecting, analyzing, and publicizing data from individuals who come forward to help warn others.



**To have the greatest impact, public education efforts must be data-driven and targeted to address prevailing scam types and methods.**

**Successful outcomes will come through the long-term efforts of multiple players who collectively create a movement toward personal empowerment and a fundamental shift in perceptions of individual risk.**

## CONCLUSION

By every available measure, marketplace scam victimization has reached epidemic levels with no signs of abating. The Federal Trade Commission estimates that there were nearly 40 million incidents of fraud in 2011 (Anderson, 2011). This figure puts the risk of fraud victimization at more than four times greater than the risk of violent crime, burglary, larceny, and motor vehicle theft combined (FBI, 2014). Behind these numbers are people who are harmed both financially and emotionally – homes are lost, finances are devastated, hearts are broken, and trust is violated. But individuals are not the only victims. Ethical businesses that strive every day to do the right thing rely on the marketplace to operate by a playbook where fair and honest practices are rewarded. Scammers break these rules, unfairly gaining the upper hand.

A seminal 1995 study, *Victimization of Persons by Fraud*, plainly put forward a vision for consumer awareness and education efforts:

This study suggests the value of public education programs aimed at the prevention of personal fraud, because fraud attempts were less likely to be successful if the intended victim had heard of the fraud before. Information programs need to highlight the fact that victimization by personal fraud is a pervasive threat to all segments of society, identify the types of fraud that are current, and the kinds of action that can help persons detect and prevent fraud (Titus et al., p. 66).

Today, we have yet to see a public outreach effort fully materialize that is both aligned with this call to action and commensurate with the scale of the problem. The time for such action is long overdue. The business community, government, the media, law enforcement, non-profits, and citizen heroes all have an important role to play. Successful outcomes will come through the long-term efforts of multiple players who collectively create a movement toward personal empowerment and a fundamental shift in perceptions of individual risk.



**To learn more or to support BBB's work in fighting marketplace scams, contact the BBB Institute for Marketplace Trust at [scamtracker@council.bbb.org](mailto:scamtracker@council.bbb.org).**

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## ABOUT THE AUTHORS

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The BBB Institute for Marketplace Trust is the educational foundation of the Council of Better Business Bureaus and a nonprofit 501(c)(3) organization. Its goal is to connect targeted consumer populations to BBB services, promote consumer awareness and financial literacy, and advance business ethics in the marketplace. The organization offers in-person training, print and digital educational resources, scholarships, and recognition programs that promote ethical enterprise and fraud prevention across North America.

