

Klipsch Group, Inc. Trusts Net Enforcers, Inc. to Protect Its Internet Presence

Auction and Online Channel Monitoring strategy eliminates over \$500,000 in illegitimate sales for audio giant



OVERVIEW

COMPANY

Klipsch Group, Inc.

HEADQUARTERS

Indianapolis, IN

URL

www.klipsch.com

INDUSTRY

Consumer Electronics

BUSINESS CHALLENGE

- Growing number of Internet dealers selling Klipsch Group, Inc. products are utilizing their intellectual property without authorization
- Increased concerns voiced by legitimate dealers regarding the impact to their businesses

SOLUTIONS UTILIZED

- Auction Monitoring
- Online Channel Monitoring
- Product Purchases

BENEFITS

- In the first 90 days of the engagement, over 1,000 unauthorized auctions, valued at more than \$500,000, had been taken down due to intellectual property infringement
- To date, more than \$1.25 million in infringing sales has been removed from auction sites
- Scanning over 30,000 auction and retail sites each month for intellectual property infringements
- Significant reduction in complaints from authorized dealers

In late 2003, Klipsch Group, Inc., owner of the Klipsch®, Jamo®, Mirage® and Energy® premium speaker brands, came to Net Enforcers, Inc. (NEI), a wholly owned subsidiary of Intersections Inc., with an online dilemma. Many Internet dealers were selling its high-performance products using the company's intellectual property without permission on various retail sites, as well as auction sites such as eBay®.

For the Klipsch Group, Inc. management team, this was a serious issue. For the past decade, product sales had been growing at double-digit rates. However, the company's tenured sellers began voicing their concerns about the increase in unauthorized Internet retailers as they lowered overall brand valuation.

Klipsch Group, Inc. knew that continued growth would also lead to an increase in online sales, but the company wanted to ensure that products sold under their brand name are genuine products with full manufacturer's warranty.

Phil Hatch, Klipsch Group, Inc. Manager of Training Worldwide, knew that changes needed to be made. "We are one of the leading loudspeaker manufacturers in the world and have utilized online selling programs for quite some time. I wanted to make sure that all of our dealers were on a level playing field, so that the company's brand equity would be protected."

Net Enforcers worked directly with Hatch to create an Online Channel and Auction Monitoring strategy that would give them a granular view of all dealers and eBay® auctions, detailing each listed product, how it was advertised, and if the product sellers were authorized to use Klipsch Group, Inc. intellectual property. Where possible, Net Enforcers partnered with Klipsch Group, Inc. to take action to stop brand abuse.

The first step, or "Phase One," was a high-level scan of the Internet, to locate dealers selling Klipsch Group, Inc. products. Web portals, current retailers, and auction sites were reviewed with NEI's technology. Through a preliminary review of this list, it was believed there were over 1,000 auctions misusing the company's intellectual property.

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Phil Hatch,
Klipsch Group, Inc.
Manager of Training Worldwide

INTERESTED IN LEARNING MORE?

Let Net Enforcers start protecting your online brand today! Stop the lost sales, damaged brand value and weakened relationships with your legitimate distribution partners. Our fully trained expert staff is ready to protect your brand for less than the cost of a single internal employee devoted to brand protection.

Contact us today to learn more about what we can do for you.

PHONE 877-784-4618

E-MAIL Sales@NetEnforcers.com

WEB www.NetEnforcers.com

MAIL 3901 Stonecroft Boulevard
Chantilly, VA 20151

Protecting Your Bottom Line
Begins With Protecting Your Brand®

“Phase Two” involved notifying authorized Internet dealers to ensure that their programs were current. An updated list of the Klipsch Group, Inc. authorized dealers is inputted into Net Enforcers’ systems regularly to allow for on-going monitoring of the dealers. Finally, Net Enforcers implemented its Online Channel and Auction Monitoring technology to provide frequent reports that carefully located unauthorized sites, in accordance with Klipsch Group, Inc.’s strategies. Within the first 90 days, Net Enforcers helped detect and remove more than 1,000 infringing auctions, valued at more than \$500,000.

As part of the Auction and Online Channel Monitoring services, Net Enforcers continuously audits the effectiveness of Klipsch Group, Inc.’s designated filters and internal protocols to ensure that the results are current and complete. Also, with the Product Purchase program, Net Enforcers can help Klipsch Group, Inc. track specific products to provide details regarding how products are making their way through the supply chain, and help limit the number of unauthorized dealers.

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In the current economic climate, the brand abusers are more prevalent and even a company the size of Klipsch Group, Inc. is not immune. More and more dealers struggling to make sales will turn to counterfeit or grey market goods in order to snatch quick sales. Consumers might be lured by outrageously low prices only to find the merchandise is a counterfeit and not the high quality they expect from a trusted brand. However, with updated programs and established Net Enforcers monitoring, Hatch and his sales team can rest assured that the Klipsch Group, Inc. brand equity will be preserved.