



Under Armour Reduces Gray Market Sales with MarkMonitor

Premium Athletic Apparel and Footwear Brand Removes More Than \$2 Million in Unauthorized Online Listings



UNDER ARMOUR®

Company:

Under Armour

Headquarters:

Baltimore, MD

URL:

www.underarmour.com

Industry:

Apparel

Products:

MarkMonitor® Online Channel Protection

Executive Summary

With the rise of the Internet, eCommerce, and online auction sites over the past several years, Under Armour has enjoyed significant growth in its online business. At the same time, the company also began to see a substantial increase in gray market sales. Unauthorized and authorized vendors were selling Under Armour's popular sports apparel in unauthorized channels of distribution, which caused concerns regarding the potential for erosion of brand equity, revenue loss, and negative impact on long-standing relationships with key channel partners. Under Armour turned to MarkMonitor to solve its online channel protection problems.

MarkMonitor Online Channel Protection offered a solution that could actively monitor multiple Internet sources for channel compliance to protect the brand—and automatically take action against offenders. With Online Channel Protection, Under Armour has removed an estimated \$2 million of merchandise from unauthorized listings—more than 21,000 items from 9,800 listings. From one major online auction site alone, Under Armour listings have been reduced from 9,500 items to 2,000 items. The company has recovered significant revenue through the elimination of gray market sales.

“With MarkMonitor, we’ve removed more than 21,000 items from 9,800 listings.”

— Kevin Haley, Vice President, House Counsel and Secretary, Under Armour

Challenges

- Significant brand equity to protect from potential erosion
- Unauthorized online sales causing disgruntled channel partners
- No automated means of identifying fraud and taking action against offenders

Solution

- MarkMonitor Online Channel Protection selected for its powerful web monitoring technology and comprehensive case management capabilities

Results

- Estimated \$2 million in unauthorized listings removed from eCommerce sites
- Over 21,000 items removed from 9,800 listings to date
- Significant revenue recovered via elimination of gray market sales
- Listings from major online auction site reduced from 9,500 to 2,000 items
- Kiplinger calls Under Armour “master of its retail domain”

Challenge

With the rise of the Internet, eCommerce, and online auction sites over the past several years, Under Armour has enjoyed significant growth in its online business. At the same time, the company also began to see a substantial increase in gray market sales. Unauthorized and authorized vendors were selling Under Armour’s popular sports apparel in unauthorized channels of distribution, which caused concerns regarding the potential for erosion of brand equity, revenue loss, and negative impact on long-standing relationships with key channel partners. Partners reported diminishing sales as a result of gray market retailers, and filed complaints with Under Armour’s legal department. “We realized that we had a serious problem with unauthorized online sales,” says Kevin Haley, Vice President, House Counsel, and Secretary of Under Armour. “As a fast-growing and newly-public company, our legal department couldn’t keep up in terms of continually identifying, tracking and pursuing these offenders. We needed a system that could automatically surface these activities and then take action against the offenders. As an entrepreneurial and nimble company with a valuable brand to protect, we decided to take immediate action.”

Solution

Under Armour turned to MarkMonitor to solve its online channel protection problems. “We selected MarkMonitor Online Channel Protection for its powerful web-monitoring technology and comprehensive case management capabilities,” says Haley. MarkMonitor offered a solution that could actively monitor multiple Internet sources for channel compliance to protect the brand—and automatically take action against offenders. With a web-based dashboard displaying infringement, activities, status reports and more, Under Armour can easily track offenses, store details of infringement, and take action via delisting requests sent to auction and B2B exchanges, automated warning letters, and automated cease and desist letters.

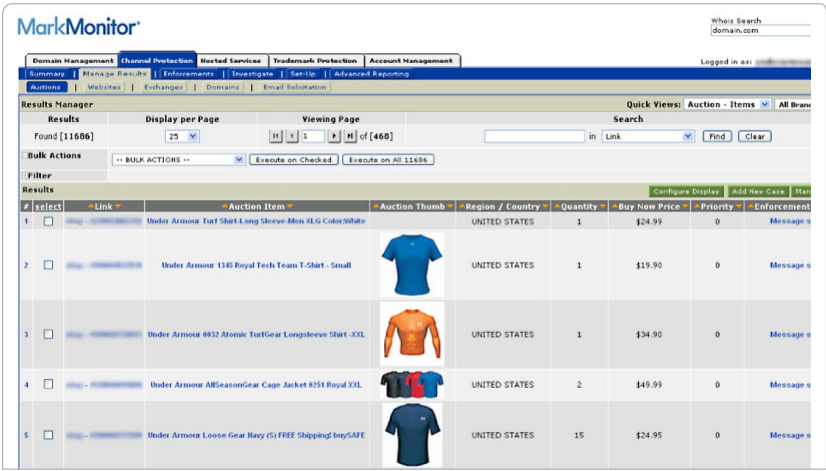
“You have to have all the data about a problem before you can truly fix it,” says Meg Watkins, Under Armour’s Brand Watchdog. “With MarkMonitor, we’ve gained an accurate picture of exactly what is happening and how our brand is being abused or misused in the online world. Online Channel Protection not only provides all of this critical data, but it gives you the tools to quickly take action against these offenses as well.”

Results






The results speak for themselves. With Online Channel Protection, Under Armour has removed an estimated \$2 million of merchandise from unauthorized listings.

“MarkMonitor is a ‘force multiplier’ that helps us get the job done efficiently. One person can now accomplish the work that used to require several people.”

— Kevin Haley, Vice President, House Counsel and Secretary, Under Armour



MarkMonitor Online Channel Protection results window

Results	Display per Page	Viewing Page	Search					
Found [11696]	25	1 of 468	in Link Find Clear					
Results	Link	Auction Item	Auction Thumb	Region / Country	Quantity	Buy Now Price	Priority	Enforcement
1	Link	Under Armour Turtl Shirt Long Sleeve-Men XLG Color White		UNITED STATES	1	\$24.99	0	Message
2	Link	Under Armour 1345 Royal Tech Team T-Shirt - Small		UNITED STATES	1	\$19.90	0	Message
3	Link	Under Armour #932 Atomic TurtlGear Longsleeve SHIRT -XXL		UNITED STATES	1	\$34.90	0	Message
4	Link	Under Armour AllSeasonGear Cape Jacket #351 Royal XXL		UNITED STATES	2	\$49.99	0	Message
5	Link	Under Armour Loose Gear Hazy (S) FREE Shipping/buySAFE		UNITED STATES	15	\$24.95	0	Message

“With MarkMonitor, we’ve removed over 21,000 items from 9,800 listings,” says Haley. From one major online auction site alone, Under Armour listings have been reduced from 9,500 items to 2,000 items. The company’s success in protecting its brand online has been recognized in the press. Kiplinger’s noted recently that Under Armour is featured prominently in the apparel sections of sporting goods stores like Dick’s or Modell’s, but the company’s products are difficult to find at the fire-sale prices often seen online. The Kiplinger reporter also noted that the selection of Under Armour available on auction sites was poor, and the prices were not far below the MSRP, which he attributed to Under Armour’s ability to control its channels of distribution. “Given that [the leading auction site] is the ultimate litmus test for how well a company controls its channels, Under Armour is master of its retail domain.”¹

With MarkMonitor automating the process of identifying and taking action against online offenders, Under Armour’s legal department can now do more with less. “Under Armour is a fast-growing company,” says Haley. “We need to support our growth without needlessly adding to our headcount. MarkMonitor enables us to do that because it creates a technological ‘force multiplier’ that allows us to protect our brand much more efficiently. One person can now accomplish the work that used to require several people. It’s our department’s single source for what is happening in online commerce.”

¹ <http://www.kiplinger.com/columns/picks/archive/2007/pick0620.htm>

About MarkMonitor

MarkMonitor, the global leader in enterprise brand protection, offers comprehensive solutions and services that safeguard brands, reputation and revenue from online risks. With end-to-end solutions that address the growing threats of online fraud, brand abuse and unauthorized channels, MarkMonitor enables a secure Internet for businesses and their customers. The company's exclusive access to data combined with its patented real-time prevention, detection and response capabilities provide wide-ranging protection to the ever-changing online risks faced by brands today.

More than half the Fortune
100 trust MarkMonitor to
protect their brands online.

See what we can do for you.

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