



PRESS RELEASE

NewMomentum Identifies Significant Counterfeit Indicators from 76% of Online Smartphone Sellers

San Rafael, CA, January 24, 2012 - NewMomentum, Inc., the premier solution provider for [online Brand Protection](#), announced today the results of its Q4 global review of the smartphone online marketplace. Using its proprietary [CyberAnalyst](#) online monitoring and risk assessment platform, NewMomentum noted significant risk indicators from 76% of the more than 11,000 sellers it identified, representing a potential illicit sales volume of over \$8 billion.

Twenty-three phones from five key brands – Apple, HTC, Motorola, RIM, and Samsung – were monitored across 17 well-known B2B and B2C online marketplaces. Data was collected, validated, classified, and ranked. Ongoing monitoring for four weeks and intelligent consolidation of the results to unique sellers ensured a comprehensive market snapshot.

The resultant report provides key observations on the potential market for illicit sales of smartphone devices:

- Significant discounts were offered during the monitored period with 23% of the sellers advertising products at 31% to 45% below list price and 33% advertising products at a discount greater than 45%.
- The Asia Pacific region (APAC) showed the highest level of discounting with 24% of the sellers in that region offering a 31% to 45% discount and 41% selling at more than 45% below list.
- APAC also represented the largest volume of potential sales with the Taobao Chinese shopping site alone representing over 12,000 of the 25,000 unique product listings identified during the monitoring.

To determine the likelihood of a suspect listing, NewMomentum combined unusual discount and volume attributes with other potential negative indicators such as the following: the seller claiming to be a manufacturer; a high risk selling location or port; the appearance of the listing on a known high risk marketplace; and an indication in the listing of a product “copy” or “replica.” Aggregating the occurrence of these indicators across listings and sellers, NewMomentum identified more than 8,000 sellers as potential suspects. Over 2,000 sellers had listings that carried 3 or more of these high risk indicators.

“It is estimated that 10% of electronic goods are counterfeit or contain counterfeit parts. And this rate is obviously far higher on the online marketplaces since they are the venue of choice for many of the sellers of these fake goods,” said Pam Passaretti, CEO of NewMomentum. “Online marketplaces offer a low overhead means for instant access to consumers and other buyers all over the world. This is truly a case of ‘Buyer Beware.’ But it is also a case of ‘Brand Beware’ as these sellers of illicit goods pose a real threat to the brands and revenues of the legitimate product manufacturers, and in some cases even the safety of their customers.”

NewMomentum recommends that a manufacturers’ brand protection program includes regular online monitoring of the global open market; authentication tools to validate product authenticity; a track and trace solution to validate how products move through the distribution channel; and a consistent program of test purchases to measure the effectiveness of actions to shut down and deter sellers of illicit goods.

A copy of the complete Smartphone Market Review is available by contacting industryreports@newmo.com.

About NewMomentum

NewMomentum provides a complete software, services and partner suite of offerings that combat the rapidly increasing revenue, profit, brand, and market share erosion resulting from illicit sales activity on the Internet. The company’s solutions, which provide unmatched visibility into the global open market, include Enterprise [Brand Protection \(anti-counterfeiting\)](#), Enterprise [Channel Integrity](#) (monitors, reports, and acts on gray market violations), and MAP Monitor (tracks Minimum Advertised Price violations by authorized distributors). www.newmo.com

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