

False economy

THE REAL COST OF CHEAP

In the last twelve months the trend towards purchasing inferior and unsafe packaging equipment from offshore suppliers has grown, because it is 'cheap'. **Karen Wardell** makes a timely observation for the equipment-dependent beauty industry.

Alarmingly, many significant purchases are very often made sight-unseen. This observation relates to the Australian Manufacturing and Packing Industry, specifically small operators within the Fast Moving Consumer Goods (FMCG) sector that includes personal care and beauty.

As an equipment hire and services business, Packserv specialises in providing on-demand packaging equipment and has noticed this trend mainly through servicing their small business customers. An increasing number of small manufacturers and packers are opting to purchase cheap imported packaging equipment, including but not limited to bench-top style machines, instead of investing in safe, superior equipment or renting the same superior equipment when required.

Nathan Wardell, Packserv's managing director, explains, "We have seen a great deal of inferior equipment in the market place recently that appears to be imitation as it hasn't been adequately designed or constructed. Customers can easily find cheap equipment on websites such as ebay, even though they are aware the equipment is most likely not made to Australian standards. I found many retail/classified websites allow advertisers to sell their equipment on a global platform. The issue is not that they are using such websites to advertise and sell their products, but that these products are not policed in terms of fulfilling safety, function and operational criteria to Australian Standards. Prices listed in these advertisements indicate or suggest this".

Packserv has noticed a growing number of small manufacturing and packing customers becoming enticed by the thought of spending as little as \$800



for equipment that promises to fulfill the same requirements of Australian equipment manufacturers (or offshore reputable equipment manufacturers), who sell similar but superior equipment for between \$10,000 - \$15,000. The difference between the cheap and superior machines is not only significant in terms of price, but more importantly the safety of operators and product integrity.

Also observed is a decline in small operators hiring quality equipment in preference to purchasing cheap equipment online, accompanied by an increase in enquiries from small operators requesting our technicians install, service and train their operational staff on these inferior products. After seeing such budget equipment being used by unskilled operators, Packserv has several real concerns;

1. Australian businesses are not supporting local equipment manufacturers or established offshore equipment manufacturers who design safe, superior machines that are built to last;
2. Cheap and unsafe imported equipment is not built to Australian Standards and is becoming part of plant equipment used by unsuspecting operations staff;
3. There has been an increase in small business owners choosing to purchase cheap, inferior equipment over quality and safety.

It should be highlighted this article does not seek to 'disrupt or disturb' the growth of small manufacturing and packing businesses operating in the FMCG sector; on the contrary, Packserv's mission remains unchanged — to support the growth of small, medium and large businesses by providing safe, high-quality equipment. Packserv believes in providing a large range of latest-technology equipment and supports and promotes those manufacturers and distributors building and selling high-quality equipment.

As professional packaging equipment technicians, Packserv has reviewed much cheap, inferior equipment on customers' sites and, in accordance with Australian standards, deemed the equipment to be dangerous in most, if not all, cases.

These dangers include:

- Exposed electrical connections
- Inappropriate gauge of wires used
- Absence of safety covers for electrical circuits
- Absence of safety covers for mechanical components
- Absence of electrical earth points
- Absence of colour-coded wiring as per international standards
- Limited and/or incompatible parts or accessories required for product specifications
- Contact/wet parts made from inferior materials contaminating product
- Poor general construction
- Poor design

Nathan Wardell believes “it would be negligent on my part to not advise customers of a real concern for the safety of anyone who may operate cheap machines. In most cases I have advised business owners who have purchased inferior equipment to engage both an engineer and qualified electrician to rebuild or modify the equipment to ensure appropriate safety standards are being met in order for their staff to safely operate the equipment. The quality of construction will never be realised at a price-point of approximately 10 per cent of that of the purchase price of superior quality equipment, hence the intention to invest in a piece of equipment built to last does not exist. This poses other problems down the track in relation to the business’ operational ability.”

The Safety Institute of Australia aims to develop, maintain and promote a body of knowledge that defines professional practice in OHS. It notes, from a contributor on its website, (www.sia.org.au) that “larger companies now are asking for compliance statements or submitting detailed specification forms which reference our Standards and require compliance. Smaller companies are still getting up to speed with this” “in recent times ...an importer of process lines from China and Taiwan did not comply so the manufacturer was asked to redesign the equipment to meet Australian standards”.

Professionalbeauty.com.au released findings in May 2013 from their equipment survey of some 250 participants in relation to leasing equipment and maintenance, country

of origin, and quality over price. They found the following;

- Choosing quality versus price — 55 per cent of respondents said it is highly important and 44 per cent said it is important (with just one per cent believing it not to be very important). When respondents were asked whether they think more expensive equipment is safer, 40 per cent answered no and 25 per cent said they think it is, with 35 per cent being unsure.
- Matt Moncrieff, managing director of High Tech Laser, said of the response, “with many lower-quality devices copying the claims of high-quality devices it is becoming increasingly difficult for buyers to separate the good from the bad, as the findings on price versus safety reflects. It is important buyers choose established suppliers with a proven record of performance and make a decision based on the long-term value a device will deliver to their business.”

In summary, Packserv is concerned that not only are these trends for purchasing cheap, inferior equipment at the expense of safety likely to increase, but in the process well-priced, quality equipment manufacturers, distributors and rental business suppliers will not be able to sustain the real costs of operating. This will result in future limited suppliers of quality equipment in Australia, the flow-on effect of which is significant in terms of employment, growth and opportunities for Australian businesses in the FMCG manufacturing sector. All equipment manufacturers and sellers (local and offshore) should produce compliance certificates detailing specific standards relating to the country/region into which it is selling and should provide appropriate operating manuals and warranties as well as pricing equipment accordingly. Those businesses purchasing cheap, inferior equipment need to understand and be held accountable for their decisions which impact on the safety of their staff as well as the integrity of their product and packaging.

This trend may signify the emerging dominance of global retailing via the internet, which has the ability to produce healthy competition, without compromising safety and quality. ■

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