

Driving out spare part fraud

Earlier this year Product & Image Security covered the dangers of counterfeit drugs, a sure menace to health. John Carson reports on an issue that could be just as dangerous – counterfeiting in the motor industry and spare part fraud.

You know the feeling: it is a rainy night, visibility is bad and the distance between you and the truck ahead is shorter than you thought. You slam on the brakes and rely on them to stop you in time. Your car comes to a halt and you breathe a sigh of relief.

But what if your brake pads had been counterfeit items with a limited life span? Your vehicle might have skidded those few extra feet, resulting in at best damage to your bumper and at worst, injury to yourself. Who can tell how many road accidents a year are down to certain components not doing their job properly?

According to a report written by the Counterfeiting Intelligence Bureau, UK, '...the motor industry estimates to lose US\$12 billion from sales in unauthorised parts, including counterfeits, of which the USA accounts for US\$3 billion and Europe for the largest share of the remaining US\$9 billion (Federal Trade Commission, USA).

'The main production areas have been pointed out as Italy, Spain and Portugal in Europe and Turkey, Taiwan, Singapore and Iran.

'The industry has no formal organisation devoted to combat counterfeiting. Ford in Germany and the UK, General Motors in the USA and Peugeot-Renault in France have been very active and have in-house anti-counterfeiting programmes. Many of the other motor manufacturers are currently looking into solutions,' the report adds.

It is a truly global dilemma. In the late Seventies a Canadian bus crash that killed 15 people was discovered to have been caused by fake brake pads.

In France, serious penalties exist for anyone associated in a counterfeit parts operation. Police confiscate imitation goods and the courts can impose fines of up to £100,000 or a jail sentence of up to two years.

The most commonly produced bogus parts are high-volume items such as oil and air filters, fan belts, wheel covers, disc-brake pads and shoes, spark plugs and shock absorbers.

It is not easy to spot a fake because the dedicated counterfeiters work hard to make their products almost identical to fool potential buyers. There are some differences, though, that should arouse suspicion.

Inspect the packaging. If it appears shoddy, lacks the name brand or logo, or has graphics or a name that are similar to, but not quite the same as, those you are used to seeing – it could be counterfeit. Criminals who make fakes often use colours, art work and type fonts on their packaging that are extremely similar to the original.

It is also a good idea to watch for significant price differences. If somebody is practically giving the stuff away there is a good reason – like it fell off the back of a lorry (maybe quite literally)!

Road users must have confidence in the manufacturers that they buy the parts from that all the necessary checks have been carried out.

Some of the major players in the motor industry are already taking action. Two years ago Ford warned dealers that they faced legal action for product liability if a spare part not bought directly from the company turned out to be counterfeit.

There is even a 'black museum' of counterfeit parts, including fake alloy wheels that cracked and a bogus steering wheel column that snapped when the driver hit a kerb.

It was also revealed that Ford 'intelligence squads' from its secret anti-counterfeiting department had been working extensively with customs officials in Europe to track down counterfeiters and raid their premises. Customs set up some checks and within weeks, 40,000 counterfeit parts were seized as they entered the country.

Often, though, a fake item slips through the net and it takes a high-profile exposure to get the problem more widely known to the motoring public.

Some time ago, Vauxhall's reputation was dealt a blow when the popular television show, Top Gear, featured a customer's car that had suffered a front control arm failure. The car was examined by Vauxhall engineers who discovered the broken part to be a poor quality imitation of a genuine component.

The company informed the Department of Transport (DoT) and the Trading Standards Office (TSO) about the problem, and explained to all Vauxhall dealers and independent garages how to identify that particular fake part.

At the time, Vauxhall boss Nick Reilly stressed: 'It is up to the DoT or the TSO to take any action they feel necessary to draw the attention of the wider public to the possible dangers of having fakes fitted.

'But the motor industry must pull together to ensure that all parts, from whatever source, undergo the same rigorous testing as genuine ones. That is the only way the public can be protected,' he added.

Land Rover has also played its part in distinguishing its genuine products from fakes. Body panels and other key genuine Land Rover parts are being identified with hologram labels to protect customers against counterfeits and poor quality substitutes.

The holograms, which are the latest in a series of measures designed to clearly distinguish between genuine parts and look-alike copies, are bonded to the company's body panels, bumpers and lights.

The 3D-image labels self-destruct if tampered with and give buyers an unmistakable way of ensuring that parts they are being offered are genuine.

A spokeswoman for Land Rover's Genuine Parts operation said: 'The

hologram labels are an indelible mark of authenticity which will clearly identify genuine parts even to an untrained eye.

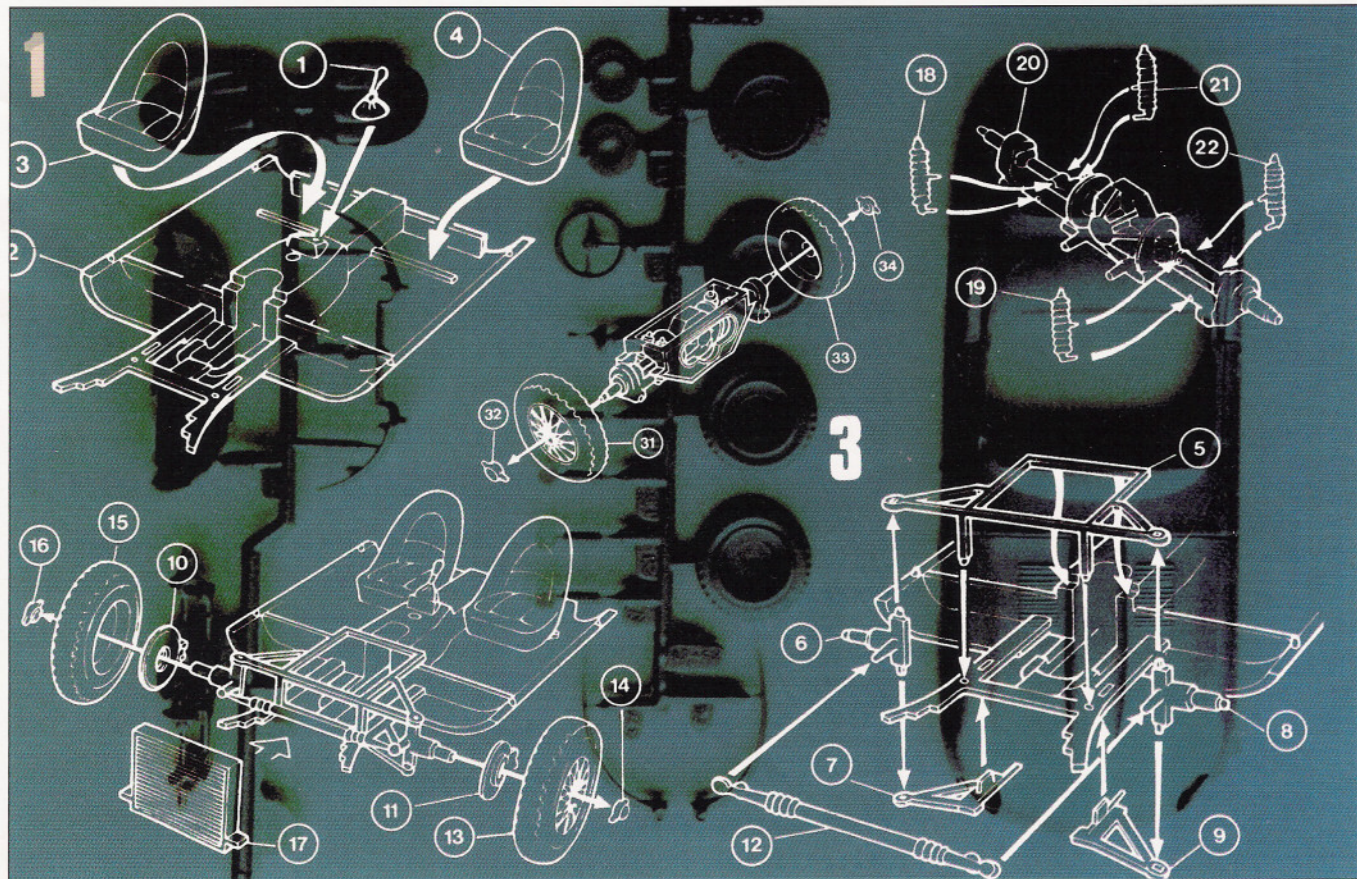
'On a body panel, the label is a guarantee that the panel will fit perfectly first time, is structurally sound and will strongly resist corrosion.

'It's important to emphasise that a genuine panel isn't necessarily simply identical to the original,' she

But are holograms the answer? Speaking at a *Product & Image Security* conference in Chicago, Rod Kinghorn, security director of General Motors Service Parts Operation, said: 'We have used holograms on a limited basis with some success. Our problems with hologram use universally is the reluctance of the supplier network to incorporate it into packaging specifications.

Industries, France, uses modern holographic label technology for the identification of cars and car documents. The security is based upon the principle of corresponding data on all the identification labels on the car and its documents.

Individual data is printed by a special numbering system on a holographic security foil. A combination of several proprietary processes, special



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continued. 'It is quite likely that a replacement part bought today for a vehicle built 15 years ago incorporates design and manufacturing advances made since the original component was first produced.

'On headlamps, the hologram label is an assurance of accuracy. On bumpers, the hologram is equally significant. Where old-fashioned bumpers were just a passive barrier, today's bumper has evolved to become an integrated, active first line of passenger defence in the event of an accident.

'While a copy bumper may duplicate the appearance of the real thing, its resulting structural performance could never be guaranteed,' she added.

Land Rover plans to further extend the range of hologram-labelled genuine parts products for 1998.

'The cost of placing an identifier on the part or packaging also becomes an issue in an extremely competitive market. Not all company representatives share the same level of commitment in allotting resources to product identification.

'Additionally, many of the products used in the automotive aftermarket are installed by someone other than the consumer. Therefore, is it prudent to spend funds to place an identifier on a package that in theory is going to go directly from a warehouse to a dealer, be installed on a customer's vehicle by the dealer and then be thrown away,' he questioned.

Official documents and paperwork are also at risk from counterfeiters but new developments appear on a regular basis to combat this.

The car identification system HoloCIS, developed by Hologram

materials and a complex production process ensures a high security level, says the company. But it is only available for government security applications and not for sale to the commercial market.

Basic information used for the identical numbering of corresponding holographic labels is the car registration number as shown in the vehicle's documents and/or car licence plate number. Any further information can be added if required.

The motor industry is a very competitive business, with the major players jealously guarding their new designs and products. This need not change – but the message that comes across in the war against counterfeiters is that information that helps protect the driver should not be held back.

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