



# newsletter

The management Newsletter for all industries involved with bar-code scanning and related technologies.

SCANNING, CODING & AUTOMATION NEWSLETTER • P.O. BOX 702 • GREAT NECK, N.Y. 11022 • (516) 487-6370

Volume I Number 4

December 1977

We sense a very significant turnaround....

....in the trade press attitudes toward UPC. After the 1973-75 surge of articles heralding the coming of UPC and its potential, most reporting became less enthusiastic, often bordering on the skeptical. It was difficult to reconcile the great break-through with its slow painful growth.

During the past 2 months or so, there seems to be a change. Maybe it was the announcement by Giant Food of its commitment to 750 more checkout scanners, or the wide play given to the reports by Ralph's of the enormous benefits from their scanning installations. Certainly it represents a recognition that UPC is no longer experimental, or that it will go away.

Articles by 4 of the major trade publications are indicative of this change in attitude.

- For example, a sampling of some recent Supermarket News headlines includes:
- "Find Scanners Boosted Sales as Much as 16%"
- "Delaying Scanner Use to Await Soft-savings Data Held Waste"
- "Calls Scanning Tops as Market Study Aid"
- "Errors Drove Independent to Scanning"
- "Depot Stores' Growth Held Scanning Ally"

And Advertising Age headlined, "UPC scanners bloom, promise vast new retail data" in an article that described the weeding out of slow movers, pinpoint-

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LATE BREAKING NEWS ITEM

\* At its meeting on November 29 the Uniform Product Code Council voted, effective \*  
 \* January 1, 1978, not to renew its contract with Distribution Codes, Inc. to \*  
 \* be the administrators of UPC. Although there have been straws-in-the-wind in \*  
 \* dicating the cutback of DCI activities (see item elsewhere in this issue about \*  
 \* the discontinuance of the UPC Newsletter) the cancellation of their contract \*  
 \* comes as a surprise to most. \*

\* The greatly reduced administrative responsibilities, such as issuing Manufac- \*  
 \* turer's Numbers and answering technical questions, will be handled by Richard \*  
 \* Mindlin, UPC Office, 7061 Corporate Way, Dayton, Ohio 45459 (513)435-3870. \*

\* We expect to have more details and background in our next issue. \*

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ing lost sales in out-of-stocks and the realization among the more savvy supermarket operators that potential soft savings may match or exceed savings in labor and inventory shrink.

Progressive Grocer, referring to Giant Foods commitment to scanners, said the "move could be the beginning of a groundswell in the industry."

In reporting on Automation for food packaging, Food & Drug Packaging magazine reviewed the problems of the supermarkets in scanning problem packages, but concluded with the reported statement that "UPC meant an 18% increase in productivity at the store level....and consumerist complaints have been largely defused because of educational programs."

For media watchers, this all seems to represent a more positive attitude than has been seen in quite a while.

*And about time!*

#### One of the most active personalities....

....in symbology and bar-codes is Tom Sobczak, Director of Information Processing for Waldes Kohinoor, Inc. Sobczak has been waging a one-man battle against non-significant codes, as represented by UPC and the Distribution Symbol, for the past 5 or 6 years. He has written numerous articles and lectured before groups all over the country -- including the U.S. Senate Commerce Committee/Sub-committee on Consumer Affairs.

His position seemed quite clear when it was explained to us at a recent meeting. The UPC code and symbol are just fine for supermarkets and the products they sell. Assigning a 5-digit code to all manufacturers in all industries is also OK. However, do not try to limit all products in all industries to a 5-digit code randomly assigned with no code significance. Most industries, he maintains, identify their products using significant numbering systems with as many as 25 digits, and they should not be constrained by some outside authority to force their numbering scheme into 5 digits. (A significant code is one in which numbers are assigned in sets to represent various classes and groups of items, so that the number will describe the type of product, its size, color, etc.)

Sobczak's major concern is that rather than winding up with a uniform code used by all, we are headed for what he calls "Symbol Pollution." Companies which are forced to mark their packages with a uniform code for one application, will also require additional symbols on the same package for codes assigned for their own internal use, or that of their industry.

What about the bar-code symbols selected to represent these stock numbers? Sobczak sees no reason why a standard symbology -- such as the Distribution Symbol -- could not be used, so long as it is not confined to a limited number of digits. Hardware can be designed to scan and decode 25-digit symbols just as readily as 10-digit symbols, he claims, and can read them interchangeably.

#### COMMENT

*Sobczak, who has garnered the reputation as a tiger, is really a pussy-cat. He has worked and studied applications of codes and symbols for many years, and is obviously very knowledgeable. He feels he is not getting a full*

hearing from policy-making groups, such as DCI and the Distribution Symbology Study Group, and that decisions are being made in haste that we will have to live with for many years.

Although some of his presentations wander off into esoteric theories and explanations, his basic positions rate serious consideration.

A new bar-code reader by Interface Mechanisms....

....is designed to provide a CRT or terminal manufacturer the opportunity to incorporate bar-code reading capability into an existing product with very little engineering time or expense. The Model 9200 consists of a hand-held light pen and a fully programmed card without enclosure or power supply. The reader can read all of the popular bar codes including UPC, Codabar and Code 39. Intermecc has priced this unit at \$420 in quantities of 100.

Catching up with other products introduced by Intermecc earlier this year, there was a UPC Bar Code Reader, Model 9211 which reads both UPC and EAN versions and

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LATE BREAKING NEWS ITEM

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\* St. Louis - The Distribution Symbology Study Group (DSSG) met on November 30 \*  
\* and December 1 in St. Louis and we are filing this preliminary report of the \*  
\* highlights of the meeting: \*  
\* \* \* \* \*

\* 1. The range of colors of container board is not as great as anticipated and \*  
\* little difficulty is expected in using the board as background color for \*  
\* bar-code scanning. \*  
\* \* \* \* \*

\* 2. 13 ink colors were tested. When printed with reasonable density there was \*  
\* sufficient color contrast with the board color to scan. \*  
\* \* \* \* \*

\* 3. Tests so far were conducted based on sample runs. Next series of tests \*  
\* will be on production runs. \*  
\* \* \* \* \*

\* 4. Next major testing procedure will be on the dimensional variations when \*  
\* printing the bars. Tests will be run and then sent to Photographic \*  
\* Sciences for evaluation on their new Variscan equipment. \*  
\* \* \* \* \*

\* 5. DSSG makes it clear they are involved in the process of exploring the \*  
\* technical and economic feasibility of printing a distribution symbol on a \*  
\* shipping container. They make no assumptions as to what standard symbol \*  
\* may eventually be selected, if any. At this time they do not even expect \*  
\* to recommend which bar-code configuration to use. \*  
\* \* \* \* \*

\* 6. Next meeting is scheduled for mid-March, probably in Dallas. \*  
\* \* \* \* \*

\* We will have mor to analyze and report about the achievements of this impor- \*  
\* tant group in our next issue. \*  
\* \* \* \* \*

\* At the December 2 Symbol Masters Association meeting in St. Louis, Ed Shadd, \*  
\* Photographic Sciences, was elected Chairman for the coming year. \*  
\* \* \* \* \*

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uses a light pen for hand scanning. The unit is plug compatible with other terminals for remote applications, and is priced at \$1074. Also offered is the lower cost Model 9210 reader for Code 39, 2 of 5 and UPC. This unit is priced at \$875.

We first heard of NABSCAN....

....early in 1976. It was one of the first market research services available that was based on the accumulation and analysis of UPC data. It is now 2 years later and it has had limited success as a business venture.

NABSCAN is a service of the Newspaper Advertising Bureau (NAB) -- a non-profit organization whose primary function is the promotion of newspapers as an advertising medium. Since supermarket chains, and the products they sell, are prime advertisers in newspapers, NAB was interested in UPC and its potential for immediate data response to newspaper advertising and sales promotion.

NABSCAN is a very basic and simple service; i.e. count the number of units sold of any group of items and measure the results against any selected set of criteria. In this way fast, accurate and isolated measurements can be obtained of the impact of price change, shelf location, packaging graphics, special promotions, cents-off coupons, premium offers and so forth. NABSCAN'S primary emphasis has been to measure and analyze the movement of goods just before and after the placement of newspaper ads.

The NABSCAN methodology is very straightforward -- and some may speculate that it is the lack of sophistication that may have limited its appeal. There are 10 chains reporting the weekly activity of 17 stores. Reports are sent in on magnetic tapes every 4 weeks and these are fed into the NAB computers for analysis. The results are reported:

- by item by chain
- by item for all chains
- by item share of market

The cost to subscribers is \$5,000 per quarter or \$15,000 per year. Current subscribers include Scott Paper, Kraft Foods, Carnation Co., Bristol Myers and Nestle. Each subscriber can select any 50 items for which he receives complete reports. These items can be his own or those of competitors. Reports are submitted about 3 - 4 weeks after the end of the reporting period.

At a recent meeting with Mac Morris and Don Kurtz, two of the NAB VP's responsible for NABSCAN, the question was raised as to why the limited success. One of the stated objections by potential customers of the system is that it is not "projectable." The reporting stores do not represent a known cross section of any geographic area or groups of people. No demographic data is available from the stores to serve as even a crude basis for treating the results as a usable sample. Kurtz and Morris reply that there is no attempt at scientific sampling and the reports were never intended for that purpose. Simply put, for \$15,000 per year a company can monitor 50 products on a limited basis, and explore market responses as they are actually occurring. Any attempt at serious market responses and sampling procedures would carry a budget many times \$15,000. The NABSCAN service is not meant to replace market research, but to supplement it with information made available through this type of UPC data.

COMMENT

*NABSCAN makes no claims to providing a sophisticated analysis of the market. It is a timely, accurate means for gathering a limited amount of item movement data where it counts: at the checkout counter. There is little question but that this technique will be the basis for many research services in the future. Large numbers of advertisers and their agencies, however, do not seem to be ready to embrace a new service of this kind with its many implications and potential affects on marketing decisions.*

The intermarriage between bar-code and computer technologies....

....has taken a giant step forward. Up to now information read by the scanner was fed to the computer for interpretation, storage and analysis of the data. Newly emerging technology will now be using bar codes and scanners to input basic programming into the computer.

This is all taking place in the home or personal computing market, where the long talked about explosion seems to be coming closer. Until recently, this was confined to the hobbyists, who were more interested in the computer as an expensive toy than in what it could perform as a useful tool in the home. Now the market is expanding into the entertainment area with systems available in the stores this Christmas to provide 10 or 15 different games to play. Right behind it is the home computer which will educate the family, do its finances, shopping, menus, and ultimately who knows what else.

Since each new application requires a new software package, the need for an inexpensive, high speed, easily distributed and readily understood medium was critical. This newly developed technique uses a simple binary bar-code that can be typeset and printed on paper with standard equipment, and a pen scanner currently priced at \$97.50. (That is not a typographical error -- the scanner to read this bar code costs under \$100!) The scanner can read the code as printed in magazines, off Xerox copies or on any printed page, and the data is fed into the computer as a software package for a new application.

For more information about this new concept and technique, you can contact any one of the 3 sources responsible for its development: Walter Banks, University of Waterloo, Canada, developed the code; Fred Merkwitz, MicroScan Corp., Box 705, Natick, Ma. 01760 is producing the low-cost scanner; Byte Publications, Inc. will be publishing Paperbytes, the books of software.

One of the industry's landmark publications....

....will be discontinued this month. The Uniform Product Code Council has announced that the December 1977 issue of the UPC Newsletter will be its last. The Newsletter, published for the UPCC by Distribution Codes, Inc., was started back in 1973 when UPC was first adopted. In 1975 it became part of the UPC Update Service which also included published guidelines and corrections and policy statements of the STAC committees.

The Code Council now feels that the technical help provided by the service is no longer needed, since the system is so well-established with over 200 stores scanning and 5300 manufacturers participating.

So-called "need-to-know" information will still be distributed to all those companies who were subscribers to the Update Service as of December 31, 1977.

COMMENT

*The Update Service and the Newsletter served the industry well during the start-up and implementation phases of the UPC program. It was the only show in town and a place to go with the many questions that arose during the early stages. It was an integral part of the unique history of UPC -- an inter-industry effort that broke new ground in demonstrating the value of cooperative efforts in introducing a change as broad as UPC affecting so many companies in so many industries.*

The liquor industry represents another....

....special numbering system for UPC. In this case it is the federal Bureau of Alcohol, Tobacco and Firearms which assigns a 4-digit company code to each distiller, bottler or importer. DCI assigns that same number to the company, only prefixing it with an "8" to establish a full 5-digit Manufacturer's Number.

The wine and liquor companies are not all jumping into the symbol program, however. In those states, like California, where spirits are sold in the supermarket, some distillers are source-marking with in-store labellers.

There has been some talk about state-controlled stores (such as Pennsylvania and Ohio) adopting UPC using wand scanners, but we have not heard of any specific movement in that direction as yet. Supermarket sales just don't represent sufficient volume to cause most distillers to be concerned about giving up label space to include the symbol.

The Material Handling Institute....

....has scheduled its 2nd Material Handling Systems and Controls Conference for March 1 - 3, 1978 in New Orleans. The Conference will feature industry reports from 4 product groups and 4 representatives of user companies with unusual case histories. One of the product groups featured will be the Automatic Identification Manufacturers (AIM). MHI is also scheduling its 1978 National Material Handling Show on June 12 - 15 at Cobo Hall, Detroit. For more information on both events contact MHI, 1326 Freeport Road, Pittsburgh, Pa. 15238; 412/782-1624.

Mekontrol has announced....

....a new escort memory signal device used on sortation systems with photoelectric control code readers. The unit features a magnetic detente for position indexing of code slides, and the manufacturer claims many thousands of codes are possible.

A Happy Holiday Season to All!