



newsletter

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

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The needs of the magazine wholesalers....

....and the capabilities of UPC scanning systems were really a perfect match. Consider the underlying facts:

- There are 450 wholesalers covering the U.S., each with its own fairly well defined geographic area.
- All newsstand (including supermarket) sales of magazines and paperbacks are on a guaranteed-sale basis. Full credit to the retailer for what he does not sell.
- The wholesalers have been searching for years for a more automated means for recording and disposing of returns.
- The "package" is freshly designed and printed every week (or month or quarter) so implementation of source marking can be almost immediate.
- Supermarkets are the fastest growing outlets for magazines and paperbacks, and UPC symbol marking had to be considered eventually.

Any wonder then, that in about one year from equipment availability, over 10% of the wholesalers have installed automatic equipment? And that number would be 2 or 3 times greater if there weren't a shortage of suitable scanners and the trained personnel to install them.

George Wright, Executive Vice President of the Council for Periodical Distributors (CPDA), is quite enthusiastic about the positive results so far. Wright and the CPDA have had a major role in the introduction and implementation of the program.

There are a number of choices for a wholesaler who decides to automate. He can go fully automatic, and about \$75-100,000 buys up to 8-10,000 scans per hour. Semi-automatic devices (slot scanners requiring the magazine covers to be drawn across by hand) cost considerably less and produce 3-4,000 scans including key entry for multiple copies. Comparable data for hand-held pen scanners are not available.

At the moment, most systems are being packaged and installed at the wholesalers by the service bureau companies who provide centralized computer services to many wholesalers. The results seem so positive in all installations tested, however, that Wright predicts all wholesalers, large and small, will have to go this route to remain competitive. About 75% of all magazine titles are already symbol-coded. (Paperbacks seem to be holding back as long as possible,

but that's another story.)

The scanning hardware being offered so far includes slot scanners from Spectra Physics, fixed position scanners from Acroscan and wand scanners from Identicon. In all cases the scanner manufacturers are OEMing the equipment to others who are packaging the systems for sale to the magazine wholesalers.

Most of the groundwork has been laid for similar systems to be established in the record industry. General specifications have been completed by industry committees and most recording companies seem to recognize the potential economic benefits. But no one is making a move. Someone ought to give it a little shove.

The European counterpart of CPDA -- Distipress --

....is also getting very involved in bar-codes and scanning. The American publishers and wholesalers had to break new ground in designing a system that served its own industry needs and was, at the same time, compatible with UPC. Distipress has the additional mammoth problem of coping with the individual requirements of its separate national groups. What Belgium wants may not be suitable for Germany's needs, and The Netherlands would just as soon adopt the U.S. system and get it going.

There have been 2 meetings this year exploring solutions to the problem of uniform EAN symbol marking on periodicals. One was in Frankfurt on January 24 and conducted by the Distipress EAN/UPC Committee. George Wright of CPDA attended that one as an unofficial "consultant" representing the American wholesalers. The second meeting was in Cologne on January 30 held by CCG, the German EAN group.

The minutes of these meetings describe the issues under discussion and the proposed solutions. Frankly, they are much too complex and confused to detail here. One of the major issues revolves around suitable methods for price coding and the legal entanglements that may result.

It may best be summarized by quoting from Wright's letter to his members:

"The Distipress group reached one conclusion; the EAN group reached anotherthey will be kicking this thing back and forth forever unless Distipress goes ahead and institutes some plan."

There may be some potential UPC/EAN problems....

....over the horizon if steps aren't initiated soon. Some random thoughts:

- The UN has 145 countries. There are only 100 Flag Codes available in the UPC/EAN system. UPC (North America) has 10 of them, and EAN has been assigning them in blocs to their member countries. The problem may not arise for another 10 years, but some international group should take a look at it. Straws in the wind: Japan and Australia have applied for EAN membership.
- The different approaches to zero suppressing the full codes are going to make scanning compatibility all but impossible. The same may be true if

other special formats that are being considered, such as price-coding of magazines in Germany, become more widespread.

- There is a need for all scanning equipment to read both UPC and EAN and steps should be taken in North America to retrofit existing equipment. If not, the producers of English marmalade and French biscuits will have to print different symbols on their exports to the U.S. and Canada.
- And when the Russians decide to participate, we'll probably be faced with Scanning Articles Limitation Talks and summit meetings about symbol proliferation.

The new Uniform Product Code Council office....

....in Dayton, Ohio is doing "amazingly" well, according to Dick Mindlin, its new Executive V.P. The 2 person office is a far cry from the organization run by DCI, but, of course, the volume of work and problems are greatly reduced.

Mindlin reports that the number of manufacturer's numbers issued is now over 6,000 and new applications keep coming in at the rate of 50-75 per month. There are a number of new applicants from the magazine and paperback publishers, and from record companies.

Technical questions present no real problems. Mindlin's background as STAC chairman and in R & D work in his previous job with NCR, equip him to answer most questions directly. Those he can't handle, he readily refers to other members of STAC committees or to trade associations such as the Symbol Masters Association.

The only recent specification revision is the adoption of Number System Character 4 for use only in in-store printing. The revision reads:

"Number System 4 has been redefined as a Version A symbol instead of its present assignment as a Version B symbol. The Version A Number System 4 symbol is now available for use without code format restriction and with check digit protection for retailer marking of general merchandise."

Copies have been mailed to equipment manufacturers, and additional information is available from the UPCC office (7061 Corporate Way, Dayton, Ohio 45459; 513/435-7870).

UPCC maintains no contact with DCI since the changeover. DCI will continue to issue manufacturer's numbers for non-supermarket applications. This will be particularly important when a shipping container symbol is finally adopted.

Dymo Retail Systems names....

....Bruce Ferguson to the position of Customer Service Supervisor. Ferguson will handle all functions related to the repair and service of the company's pricing and coding equipment for the retail industries.

It's hard to believe that Fortune and Forbes....

....were covering the same subject in recent articles. In Fortune's March 27 issue, the article is titled "Scanning Lights Up a Dark World for Grocers"; the March 26 Forbes article reads "Breaking the Code."

COMMENT

Early in 1976 Business Week wrote a piece on "The supermarket scanner that failed" which was misinformed and which strove mightily to prove scanning a failure by concentrating on those companies which had withdrawn scanning equipment from the market. UPC was going through a difficult transition at that time, and BW's article didn't help. Many supermarkets and product manufacturers delayed plans for entering the program based upon what they thought was an authoritative analysis.

Now comes Forbes, 2 years later, when every industry sign and projection looks positive, and tries a hatchet job in a one page, superficial, slap at the industry. Those who read Forbes may not expect much better, but incorrect, or at best, slanted data does a disservice in a publication widely read in the business community. Malcolm Forbes continues to give conservatism a bad name.

Fortune's article, on the other hand, is a very workmanlike job that notes that "several years behind schedule, this revolution in grocery retailing is gathering momentum." The author goes on to discuss the very significant labor union and consumer involvements and the improved relations with these groups. The 4 page article is accurate and a fair appraisal of where the industry is headed.

Joyce Brothers doesn't break too much new ground....

....in her March 1978 Progressive Grocer article on "How to Turn Shoppers on to UPC."

But the well-know peoples psychologist is very positive about UPC as "an idea whose time has come," and she offers supermarket operators suggestions on how to sell it to the public. She believes Americans have a built-in cynical and suspicious attitude toward computerized systems, particularly since Watergate, Vietnam and CIA secrets. "A Code is a code," she says, "and convey(s) something inherently mysterious and potentially sinister."

To overcome all this Brothers suggests an educational program, using all available media, to familiarize the public with the code and the scanners and to explain the benefits of the system. It should be presented to the consumers as a challenging, competitive game to be learned and ultimately to be controlled to their own benefit.

Above all, since most people believe UPC is of benefit only to the supermarket, the consumer benefits should be emphasized including savings that will be passed along as reduced prices.

In their usual quiet, efficient way, Safeway....

....is into UPC up to their elbows. There are now 7 stores fully equipped for scanning, and an additional 10 to 12 are scheduled for 1978. Safeway never agreed to the industry consent in 1976 to retain item pricing, and does so only in those states where it is required -- California in particular. Wherever legal and possible, item pricing is removed in scanning stores, and the consumers seem to have accepted it with little or no objections.

The Number 1 supermarket chain is very positive about scanning and the results they have obtained so far. Safeway will not buy any more electro-mechanical checkout equipment, and will install ECR's or full scanning depending on their analysis of what will work best in each store.

The best witnesses to Safeway's commitment to UPC are those manufacturers and printers who have received letters and complete analyses of poorly printed UPC symbols. This 10 or 15 page document fully describes the tests that were performed, the results obtained and cautions the supplier to make corrections on the "next press run."

They mean to move ahead into scanning and intend to obtain maximum efficiencies in every way possible.

The Distribution Symbology Study Group....

....has been hard at work completing their homework. Bill Maginnis (Hunt-Wesson), Chairman of the DSSG, reports that the scheduled March meeting was postponed and will be rescheduled for April or May to allow time for completion of all the tests. The variety of the tests and their controls have taken more time than anticipated.

Some of the elements that are being tested, and which will be reported at the next meeting:

- Three different printing plate materials.
- Various weights of container boards from 125# to 250# test.
- Press direction and cross-press direction.
- Line growth based on starting bar widths of .030", .060" and .090".
- Color contrasts.

Preliminary results indicate significant differences between synthetic and rubber plate material. Test results are being evaluated and documented as they are completed, and new batches are arriving weekly.

A direct contact and exchange of information has been established between DSSG and the Uniform Product Code Council STAC committees. The indications are that UPCC is still very much interested in these tests because the grocery industry is ready to adopt a distribution symbol that "works"; i.e. is printable and scannable.

The upcoming DSSG meeting is scheduled for Dallas when the date is firmed-up.

Although it is anticipated that this will be a most important meeting, with many significant reports and decisions, it is doubtful if it will be the group's final meeting. The loose ends to tie up, and final recommendations to be made, will probably require more time.

Again, it is important to point out that the work of the DSSG will not produce a recommended code or symbol. The committee is working to establish those parameters which will enable the printing of scannable bar codes on shipping containers. The selection of the symbol will be the responsibility of the respective trade groups.

Just a reminder that the MHI....

....National Material Handling Show is scheduled for June 12-15 at Cobo Hall, Detroit, Michigan. This is a large and diverse show, and one of the only showcases for the manufacturers of bar-code scanners and related hardware (non-retail applications).

Most of the companies who build scanners used in commercial/industrial applications are listed in the preliminary exhibitor roster just received.

For further information, contact MHI at 1326 Freeport Road, Pittsburg, Pa. 15238.

Computer Identics has appointed Sandvik Conveyor....

....as their European representative. Sandvik is a major producer of bulk, unit load and package handling equipment with subsidiaries throughout Europe, South America and the Far East.

Sandvik will handle CI's full line of automatic and hand-held scanners and systems, including marketing and servicing. The European representative will take over CI system installations already in the U.K., and others scheduled for Germany and Sweden.

The Composite Can and Tube Institute....

....has published a new set of guidelines to aid in the design of composite can labels printed with the UPC symbol.

Titled "Guideline C-4, Universal Product Code, Composite Cans" it provides information to assist printing scannable bar-codes when designing spiral and convolutely wound labels.

For further information, CCTI, 1800 MS & NW, Washington, D. C. 20036.

Telxon Corp. announces their Model 919 data entry devices....

....for use in high volume input applications in retailing, manufacturing and accounting. The equipment has an optional cable-connected wand scanner that reads a Telxon pulse-width modulated bar-code.