



newsletter

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

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We were initially overwhelmed with the names and titles....

....of a Washington, DC based organization that functions as an independent federal agency. We interviewed one of the officers to learn more:

- Name of Organization: "The National Center for Productivity and Quality of Working Life."
- Mandate: "To promote the awareness of improved productivity and its importance in the U.S. in both the private and public sector."
- Title of Sponsored Study: "Use of Automated Identification Technology by a Food Products Manufacturer and a Durables Distributor: The Standard Shipping Container Symbol and Grocery Distribution."

The study's objective was to estimate the savings to food wholesalers if they were to install bar code scanners, and therefore increase productivity.

The organization was founded in January 1976, reports directly to the Congress and White House, and is governed by a tri-partite Board of Directors with representatives from government, business and labor. The organization has a staff of 30, and is scheduled to expire in September 1978 unless renewed by the Congress (which is considered unlikely since the proposed budget does not include funding for them.)

In a long discussion with Dr. L. L. Beasley, the Director of Distribution Studies, we reviewed the enormous scope of the organization as stated in its original mandate. It is his strong feeling that this country must increase productivity to be competitive and that we are actually moving in the wrong direction. Because of their limited resources, Beasley narrowed his efforts down to a definable project on which specific recommendations could be made to increase productivity, through automated warehousing using bar code scanning.

He selected the following limiting criteria as an example:

- Private sector -- Distribution trades -- Food distribution -- Packaged units of sale -- Wholesale and retail functions

Phase 1 of the study was commissioned in Sept. 1976 to develop the methodology, and Phase 2 (just completed) covered case studies of two firms -- a food manufacturer and a durables distributor. Distribution Codes, Inc. (DCI) performed the studies for a total fee of \$50,000. The results of the study were quite dramatic: Wholesalers of dry grocery products in the U.S. could save approxi-

mately \$40 million per year through the use of a standard shipping container symbology. The savings would come about "in providing a more accurate means of verifying product identification, thereby allowing management more effective control over inventory."

An example of the potential savings is given for a Dry Grocery Wholesaler with \$5 million in inventory. The company would save \$115,000 per year if it were to install a bar code scanning system in it's distribution center.

Although this year's FMI Show....

....(Dallas, May 1) won't go down as the year of the UPC scanner, new and expanded uses were demonstrated and attracted much attention from the supermarket and food manufacturer executives.

Portable entry units, management information systems, the competitive advantages of scanning, analysis of general merchandise product movement, private label vs national brand analyses, new product evaluations and optimum arrangements of checkstand configurations were some of the subjects of seminars and exhibits.

The overall impression is that UPC hardware has graduated from the "Gee Whiz" stage to "I'd better get moving."

There is really no excuse....

....for the misinformation foisted on the printers via an article in Graphic Arts Monthly (May 78) by Milt Field of J.H. Matthews Co.

Intended as an update for the industry on what is happening with bar codes, the piece winds up as a blatant promo for Matthews and their products, and hardly touches a subject without gross errors in fact. For example:

"More than 30% of all symbols on supermarket shelves today will not scan."

Fact: *There is no evidence that scanning rejects are running at anywhere close to that figure. Published data is sparse, but 5-10% seems to be a much more reasonable estimate.*

"Many large food processors just don't send repeat order to (printers) who have supplied unscannable labels."

Fact: *We've never heard of anyone dropping a printer without cautioning him and at least giving him an opportunity to correct the situation.*

"The printer has a leeway of .004" per module (and)....each digit is composed of seven modules."

Fact: *A totally erroneous interpretation of the specifications.*

"Anyone producing for export to (European countries using EAN) will have to apply a EAN number rather than UPC."

Fact: *UPC is a subset of EAN and will scan on all scanners installed in Europe.*

"The DREF (Distribution Symbol) has been virtually eliminated and a new symbol is being developed (by) the Distribution Symbology Study Group."

Fact: *Bill Maginnis, Chairman of the DSSG, has repeatedly stated that his group is not concerned with the selection or rejection of any symbol format.*

"The EAN number is a 13 digit number, longer than UPC."

Fact: *They are both 13 digit codes.*

"Matthews is producing practically all of the film masters (for magazines and)the second five digits indicate the price."

Fact: *Surprise! The last five digits of the magazine codes are the BIPAD number. The price is in the store's computer, just as with UPC.*

There are many more but we're running out of space. The pathetic part was the constant promotion of the Matthews MicroChek which we hear has been withdrawn from the market to all intents and purposes.

One of the hottest ideas....

....to hit the supermarkets in years is the new generic labelling. ("Look Ma, no brands")

The trade press has been reporting how pleased the retailers have been with the sales of these products -- except for one problem. Are the new sales being made at the expense of the national brand products or of private label?

COMMENT

We couldn't help but speculate about how much easier it would have been to track these sales with a little advance planning and the use of UPC scanning stores. At best, supermarket operators will have to wait months to understand the results. It could have been done in days -- and we're wagering that some chains are using their UPC feedback to keep a step ahead of the competitors.

Cents-off coupons and UPC....

....have always offered what seemed to be the greatest potential pay back to the manufacturers for their investment in symbol printing.

The stakes are staggering!

In 1978, 1000 manufacturers will issue 75 billion coupons worth more than \$11 billion. The proliferation of coupons has spawned 2 specialized industries dependent upon it -- and both of them could be put out of business when UPC and coupons ever do get together.

Industry No. 1:

The coupon redemption centers, such as Nielsen Clearing House, which count

and process the payments for the manufacturers. The ultimate plan to validate the coupons automatically at the UPC checkout would provide that each coupon be verified by scanning and matched against a current purchase.

Industry No. 2:

An infrastructure within the industry, estimated at 2000 phony organizations, dedicated to the fraudulent redemption of these valuable strips of paper. It has been estimated that as many as 25% of all redeemed coupons are fraudulent -- amounting to up to \$200 million. UPC could really put a dent in this industry.

Recently a number of government and industry investigations have been launched, some amidst great secrecy and confusion, but noone has even the suggestion of a solution -- and noone ever mentions UPC.

How come?

The latest count from the UPCC....

....is 6,253 Universal Product Code Manufacturer's Numbers issued and names are being added at the rate of about 100 per week.

Dick Mindlin, Executive VP is very pleased with the "maturity" of the entire program and its acceptance by all phases of the industry.

Tele-Research announces the expansion....

....of their TRIM (Tele Research Item Movement) service (see SCAN Sep 77). TRIM has signed up Schnucks' 8 scanning stores in Missouri. The total number of participating supermarkets is now 38, including 12 Ralph's stores in southern California and 18 Wegman's in upstate New York.

The data collected weekly will cover 1 million identifiable customer transactions. The service is offered to manufacturers and analyzes their current sales data.

Our comments on OCR vs bar codes....

....and the space needed for each (SCAN May 78), elicited a number of strong replies from our readers. So far, as we would expect, the comments have favored the bar code side.

A letter we received from Bob Cook, Mgr. of Avery Label's Automatic Identification Systems, is particularly pertinent and the following is excerpted:

"If the problem is to print the maximum amount of data in a restricted space, say a label of a fixed size, the obvious technique is to print more than one line vertically. OCR characters are, of course, .010" high but .167" is needed between vertical lines so that the reader won't confuse one line with another, therefore, the vertical repeat length of multiple line OCR printing is .267" from the top of one line to the top of the next line. Comparing this with a bar code we could begin by printing

.010" high bars. Leaving .015" as a gap we could then print man readable characters .070" high -- which would be extremely readable when compared to the somewhat awkward OCR font. Another .015" below these man readable characters we could begin the next bar code line. The repeat length of the bar code would therefore, be only .200" which affords a space savings of 1/3!

"The above is in no way an idle analysis. One of our potential customers used this very thinking process to elect bar codes over OCR. Our printer as well as others, can handle bar code printing of this type."

We also heard from Ben Nelson of Markem....

....whose OCR - Today article prompted the OCR vs bar code discussion in the first place.

Nelson's comments:

1. The article was designed to tell OCR people of varied applications of OCR other than just straight page readers.
2. UPC was used as a generic reference to bar codes because that's what he finds many people do when referring to bar codes.
3. He wants to emphasize the multiple uses of OCR-A with bar codes because not everyone in a given distribution network has a scanner -- and ultimately less expensive OCR wands will be available.

Markem will exhibit their wares at the MHI Show in Detroit this month in the Sterling Scale, Accu-Sort & Identicon booths.

Micro-Scan announces the availability of....

....two new low cost bar code scanners with unique features. We previously reported (SCAN Dec 77) Micro-Scan's low priced BCS-1 unit for \$97.50 with applications for hobbyists to read computer software input from printed bar codes. Now the Natick, Ma. company has added the BCS-2 at \$150 as a moderate duty model suitable for UPC and most other codes.

Both units feature the ability to read bar codes despite degraded print quality and low contrast ratios. New models are promised for the future including a fiber optics model and a complete micro-sized bar code scanner with a read head smaller than $\frac{1}{2}$ " x $1\frac{1}{2}$ ".

Micro-Scan also offers a microprocessor based interface for decoding and output, and a consulting service for optoelectronics and the design of custom scanners, interfaces and systems.

Magazine publishers are into bar code symbols....

....with both feet. Over 80% of all magazines sold are already symbol marked and the wholesalers are installing scanning systems at a rapid pace.

Conde Nast (Vogue, Glamour, Mademoiselle, House & Garden, etc.) recently ran a trade ad, "All Conde Nast publications now carry the Universal Product Code Symbol as a visible commitment to better communications with the Supermarket industry and greater efficiency....between us and our wholesalers."

And the supermarket industry has recognized the growing importance of magazine sales by electing George Edwards, of Family Circle magazine as a member of the Uniform Product Code Council Board of Governors.

And continuing with the whimsical treatment....

....of bar codes (SCAN Mar 78), we've just seen copies of prints by painter Paul Levy. Available from the Ellen Sragow Gallery, 43 Fifth Ave., N.Y., N.Y. 10003, these are some of the titles:

"In code we trust" (UPC replaces our Founding Father on a dollar bill)

"What price glory?" (the flag with stars and bars)

"Code of the road" (Speed Limit encoded)

"Code of ethnics" (the price of Kielbasa symbolized)

and so forth. You get the idea by now. There are 10 in all and priced at \$125 each.

Azurdata has announced a reduction....

....of up to 20% in the price of the service contracts for its ScorepadLC data entry terminal. The basic contract which includes one-way ground freight is now \$4 per month, with similar reductions in cost for plans with different freight arrangements and repair cycles.

We are planning to attend the MHI Show....

....in Detroit (6/12-15) and will be reporting on what's new in Materials Handling in our next issue.

Most of the (non-retail) scanner manufacturers have told us they will be exhibiting and we hope to see and learn a great deal of what the industry is doing and planning.

Annual trade shows are often the time to release new equipment and ideas, so we expect to develop a picture of what the coming year or two will bring.

Correction:

The correct phone number for the Uniform Product Code Council in Dayton, Ohio is 513/435-3870. It was listed incorrectly in our April issue.