



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 II Number 2

October 1978

Scratch one more company....

....from the list of suppliers of UPC scanning equipment for the supermarkets.

Sperry Univac has backed out of this market and withdrawn its AccuScan key entry and scanning systems. Their prepared statement reads "Sperry Univac acquired the system from RCA in 1973 and believing in the viability of computerized supermarket check-out invested considerable resources in developing it to its present acknowledged degree of superiority." Sperry Univac goes on to explain that "the primary reason was the disappointing level of acceptance of scanning by the retail industry...."

It is difficult to get any additional information out of the company other than that company spokesmen know of no effort to sell the customer base or technology. Sperry Univac will honor all maintenance contracts through October 1985 and after that will continue maintenance on a time and materials basis. Their installations totalled 58 key entry and 12 scanning systems; current backlog is 20 key entry and 20 scanning systems.

COMMENT

What Sperry Univac does not mention is that their sales were running fifth in a field of five. There is little question but that the rate of industry sales over the past 3-4 years has been disappointing and far below original expectations. But just as this rate shows signs of moving into some significant numbers, the company drops out of the race.

The company claims superior technology but they stopped new research and development in this field over a year ago. Trying to sell the most expensive system in the marketplace, without updated technology, does not seem to be the best road to success.

We are waiting to hear from the doomsayers who will again point to this as a sign of the "impending failure of this noble experiment."

The UPC scanning scoreboard....

....has posted some impressive new numbers. The count for new installations was 36 in August, the largest monthly total to date. This brought the number of scanning stores to 373, and by the time this is published the total will exceed 400.

The early predictions of 500-600 by year-end will not be much off the mark at this rate. The upgrading of the installed base of electronic POS systems to scanning is contributing a major share of the new automated systems:

	<u>New</u>	<u>Upgraded</u>	<u>Total</u>
UNIVAC	0	2	2
SWEDA	1	1	2
IBM	2	7	9
NCR	6	12	18
DATAHECKER	<u>4</u>	<u>1</u>	<u>5</u>
TOTAL	13	23	36

Of this total, 9 were in Florida alone: 6 by Winn-Dixie and 3 by Publix. Zehr's in Waterloo, Ontario, Canada, is also demonstrating renewed activity in that country.

NCR, with 50% of the August activity, continues to gain on IBM. The very large base of installed NCR/EPOS systems will be an important factor in the future market distribution.

The news from the European Article Numbering countries....

....is one of significant progress. The latest count is 12 scanning super-markets installed, with 13 additional on order.

By country, it looks like this:

	<u>Installed</u>	<u>Scheduled</u>
Denmark	1	0
Germany	4	6
Italy	5	2
Netherlands	2	1
UK	0	3
France	<u>0</u>	<u>1</u>
TOTAL	12	13

There are some interesting sidelights --

1. Two of the German installations, in the Bayrische Lagerversorgung chain, have 29 and 35 scanners each and claim to be the largest scanner installations in the world. The one scheduled for France is expected to have 23 scanning lanes. These are very impressive numbers.
2. Of the current equipment in place or scheduled, IBM totally dominates, with 22 out of the 25 installations.
3. Although each of the 13 member countries is progressing at its own pace, they all have made their commitments to be part of the EAN program. Germany, way out in front, has issued well over 2,000 Manufacturers Numbers, and source marking the symbols on packages and labels is moving along rapidly.

A management group of key personnel from supermarket chains, product manufacturers and EAN Code Councils will be making a study trip to the U.S. for 2 weeks, 10/28-11/11. The group, whose members are from Germany, Austria and Switzerland, will be shepherded by Gunther Leue, of Leue Management Consultants, who has been coordinating the EAN programs for these countries.

Ralphs Supermarkets is demonstrating....

....a sophisticated understanding and use of the UPC system beyond what most of the chains are doing.

Working with Tele-Research, and their TRIM service (See SCAN Sep 77), Ralphs is analyzing the movement of goods through their stores to improve sales and profits. They have installed scanning in 13 stores selected to be representative of their total customer base and the market areas serviced by the chain. They now claim the ability to project the southern California division's sales to within less than 1%. Using the data accumulated from the scanning stores they can quickly and accurately tell if they are on the right track with specific items by analyzing displays, promotions and actual customer purchases. Comparisons are made with control groups of stores to test specific item promotions within a given time frame. Tests are run, in conjunction with manufacturers of the products, to determine whether items could be introduced more effectively by mail samples or coupons.

Ralphs has also established a Purchase Panel of shoppers to track their behavior at the point of purchase. The selected customers are assigned unique identification numbers and their purchases are recorded at the checkout lane to measure and evaluate their shopping habits.

These so-called soft benefits are in addition to the hard measurable savings of a 25% increase in front-end labor productivity and a 25% reduction of inventory shrink in grocery, dairy, deli and liquor products.

The use of bar codes on periodicals....

....is expected to produce some radical changes in the publishing industry.

The latest count is 47 wholesalers who are scanning returns. The anticipated results of these systems will revise the operations and procedures of the publishers, wholesalers and retailers in a way that will benefit all of them.

In a recent article in CPDA News, Ronald Scott described some of these benefits:

1. There will be significant changes in the time frame necessary to communicate data among various facets of the publishing industry.
2. The publishers will have the ability to react more quickly to sales trends and to revise print runs accordingly.
3. The wholesalers and retailers will receive credit on a much more current basis. This will reduce the so-called "Returns in Transit" and permit a more accurate and timely settling of accounts.
4. Opportunities for new titles will increase as improved sales and return data become available.

An announcement by Data Processing Services, Tampa, FL, of a new slot scanner for \$2995 is an indication of the lower prices available to wholesalers who want to automate their returns procedures.

Distipress, the European counterpart to CPDA....

....has just announced the adoption of a code and symbol for the periodicals in Europe.

After much discussion, and proposals of a number of code variations to satisfy the special needs of individual countries (See SCAN Apr 78, Aug 78), Distipress has adopted a code fully compatible with the US/Canadian UPC system. This is the coding system originally proposed by the Council of Periodical Distributors (CPDA).

Everyone has breathed a sigh of relief because the possibility of non-compatible codes, particularly on magazines that often cross international borders, was giving nightmares to the industry.

Special kudos to George Wright of CPDA who had spearheaded the US/Canadian system since 1973, and who was a key factor in convincing the Europeans that a universal system was the way to go.

The alcohol beverage industry....

....has officially adopted the UPC system, with some unique wrinkles for their special code assignments.

From all indications the distillers are not exactly overjoyed by the entire prospect of having to add the bar code to their labels and packages. As might be expected, in this closely regulated industry, the pressures to comply are considerably greater than on the food and grocery manufacturers when they were asked to source mark their packages with the UPC code.

The pressures are coming from 2 sources:

- In those states where wine and/or liquor is sold in the supermarkets, suppliers of distilled spirits were expected to add the UPC code to their products just like everyone else. And some did -- much to their regret now (more about that later).
- Much more significantly, the Control States (where liquor is sold only through state-owned-and-operated retail outlets) have adopted the UPC bar code. They plan to install scanners (probably the simpler, less expensive wand scanners) to record receipts, sales, inventory, etc. And they have laid down specific requirements for how the products will be coded.

The project is being coordinated by the Distilled Spirits Council of the U.S. (DISCUS). Each company's manufacturing number will be the 4-digit number issued by the Bureau of Alcohol, Tobacco and Firearms (already assigned), preceded by an 8. The Uniform Product Code Council has agreed to set aside the 80,000 series of manufacturer's numbers for this industry's use.

But then comes the slightly complicated part. Each distiller must register, with DISCUS, a unique 5-digit number for each of his products. No two product

numbers may be the same. The reason for this is that the Control States plan to key-in or scan the 5-digit product number only, which will make their equipment and system requirements simpler and cheaper.

DISCUS has contracted with the Rochester Institute of Technology to conduct a series of seminars to acquaint the distillers and their suppliers -- label printers, box makers, platemakers, etc. -- with the new systems. Matthews International Corp. and Photographic Sciences Corp. will be participating in these seminars.

The seminars have been scheduled as follows:

Rochester, NY	10/25/26
New York City	11/1
Louisville, KY	11/9-10
Chicago	11/29-30
San Francisco	12/5-6

For further information contact Dr. Steve Barsby, DISCUS, 425 NW 13 St., Washington, DC 20004; 202/628-2544.

Oh yes, about those distillers who have already coded their products with the standard UPC symbol, they are going to have to discard their numbers and start all over again.

If you need lots of labels with printed bar codes....

....there's a company you should know about.

Computype is a St. Paul, MN based company with sales offices in Stamford, CT. Their specialty is the printing of large runs of labels, each with a different code or other variable information. They are very versatile and have the current capability of generating the following codes: Codabar, Code 11, MSI, ID, MICR and OCR-B. Code 39 and Interleaved 2 of 5 will be available soon.

The quality of the printed labels we have seen is excellent and there is no size limitation (anyone want a 3 foot long bar code?). Their applications include bar coded order-entry books, and "menus". Printing can be done on paper, vinyl, metal and laminates.

Computype was owned and operated by American Can Co. until 1975 when it was bought by the 3 current owners -- Buck Roach, Pres., Hugh O'Connell, Executive VP, and Larry Erickson, VP Mfg. The equipment used and the method of printing are highly proprietary and, until recently, the company maintained a very low profile. Computype has an exclusive arrangement whereby it prints Codabar labels to be sold exclusively by Monarch Marking (except for medical applications). This is still the major portion of their business but they are looking to expand in other directions.

For high volume applications that require sequential numbering or variable information, Computype offers a unique service.

Intermec continues to generate positive news....

....about their growing company.

- First quarter results (ending 6/27/78) showed an increase of 93% in sales (to \$844,000) and 109% in pretax profits (to \$127,000).
- William Rogers has been appointed as their new International Marketing Manager.
- The company has introduced the new Model 9301 Satellite Wand Read Stations which allow up to 10 Ruby Wands to be used (one at a time) with any Model 9300 Series Bar Code Reader on a "party line" basis.

Intermec is now listed on NASDAQ, the national OTC stock quotation system.

Tom Sobczak, one of the more prolific exponents of scannable symbols....

....has written a number of articles which may be of interest. They are about codes and symbols, and how they can be integrated into various systems.

- "Productivity Using Technology; A First Step Toward Profitability for the Small Company" (scheduled to be printed by IIRI's Manufacturing Productivity Center)
- "Industrial Classification -- Its Role in Increased Productivity"
- "The Use of Coding Systems in Manufacturing" (printed in Computers and People, April 1978)
- "Industrial Use of Codes, A Point of View"

Copies of these articles, and more information about what Sobczak is doing at his company, can be obtained by contacting him at Waldes Kohinoor, 47-16 Austel Place, Long Island City, NY 11101.

The Automatic Identification Manufacturers (AIM)....

....has had some changes in its roster of officers. John Hill has resigned as Chairman since he changed employment to a non-AIM company. Ashby Richardson was reassigned to other duties at Monarch Marking and has resigned as Vice Chairman.

The new officers will be Rick Bushnell of Accu-Sort, Chairman, Jim Grassweller of Weber Marking as Vice Chairman. Although they will not take over officially until the 1979-80 term, they are expected to fill those positions on an interim basis until then.

Correction: for those who want a copy....

....of the excellent Glossary of terms published by The Department of Defense LOGMARS group, the correct address is: Commander, Tobyhanna Army Depot, Attn: SDSTO-TP-P, Tobyhanna, PA 18466. Or call Mr. Michael Noll, 717/894-8301, Ext. 7683.