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Those interested in the current state of the art....

....of bar code scanning will be interested in the 1979 Automated Material
Handling and Storage Systems Conference. The Conference will be held at the
Atlanta Marriott Hotel in Atlanta, Georgia from March 14 through 16th and the
sessions on bar code scanning will be held on Wednesday, March 14th.

The sessions include the following topics, and moderators:

Automatic Indentification Equipment, with Rick Bushnell of Accusort;
Update on Photosensors, with Roger Betz of Material Handling Engineering;
On-line Bar Code Printers and Label Applications, with Robert C. Cook of
Avery Label; New Printing Technology For Production of Machine-Readable
Marks, with Joel Kaplan, Dennison Manufacturing/Intacs; Considerations In
The Selection of Scannable Marks, with Ben Nelson of Scanmark/Markem;
Fixed Beam Code-Reading Applications in Manufacturing, with Dean Percival
of MEKontrol; Moving Beam Scanners in Computer-based Systems, with Edmund
Andersson of Computer Identics Corp.

For further information contact The Material Handling Institute, Inc., 1326
Freeport Road, Pittsburgh, PA 15238; 412/782-1624.

The Packaging Institute UPC Seminar,....

....titled "The Period of Grace is at an End", was held in Chicago on January
30, 1979, and was efficiently organized and well timed.

There were approximately 100 attendees from some of the top food manufacturers,
supermarkets and converters in the country and they spent the full day learn-
ing about the current status of UPC, the quality of the printed symbols in the
supermarkets and up-to-date methods for symbol verification. The Chairman of
the seminar was David Lansdale of Scott Paper.

Ron Nuti of Dominick's in Chicago described the experience of that chain when
they first installed UPC scanners. In their first store only 1400 out of
16,000 items were source symbol marked as compared to 14,000 out of 18,000
today. They now have three stores scanning and have completed their evalua-
tion tests. They have made a commitment to install scanners in all new and
remodeled stores. By the end of 1980 they expect to have between 50 and 60
scanning stores out of a total of 68 stores in the chain. Variable weight
merchandise still presents a problem and they are looking for a workable
solution. Nuti was fairly emphatic in that newly listed items must carry the

UPC symbol and within the near future all merchandise in the store, other than random weight, will have to be symbol marked. Return on investment has been excellent and the front-end through-put has increased over 16%.

Ed Shadd of Photographic Sciences presented a run-down of some of the more significant problems in printing scannable symbols. He cautioned printers to review their film master specifications, with particular attention to bar width reduction, since the equipment performance of their presses may have changed over the years. Japan has adopted the EAN version of the symbol, he indicated, but it is based on the so-called "Appendix A" version which refers to in-store printed symbols. This may present problems to the implementation of the program in Japan since the printing tolerances are tighter than the standard symbols.

David Miller of St. Regis in a speech entitled "Five Years Behind The Bars", suggested that this time may have been spent at "hard labor". Miller presented an excellent review of all of the printing processes, procedures, methods, and quality assurance steps that are necessary to insure the consistency and repeatability necessary to print scannable symbols.

David Lighhall of Ralston Purina spoke about the role of the manufacturers and their early participation in the UPC program. Ralston Purina is now 99% source symbol marked and feels an obligation as a supplier to help their customers. He pointed out, however, that since the implementation of UPC five years ago, the nature of the problems have changed somewhat for the manufacturers. Personnel who were originally involved in the implementation of the program have moved to other jobs and their replacements have not had the benefits of the enormous amount of educational material available at that time. There are few forums being conducted today. Since symbols are appearing on almost all items there is not the same awareness or emphasis on the program. He also lamented the fact that sales personnel do not seem to fully understand the significance and importance of the UPC symbol. Some other key points made by Lighthall:

"A quality product deserves a quality symbol"; "The implementation of UPC is a coordinated effort between data processing, purchasing, quality assurance and the UPC coordinator"; "Zero defect quality assurance is a fantasy"; "The manufacturer will not guarantee the symbol will scan -- he cannot control the package at all stages after shipment". Lighthall also mentioned his company's new tests of bar-coded cents-off coupons (SCAN Feb 79).

Shelley Harrison of Symbol Technologies presented an overview of the development and available equipment for the verification of the UPC symbol. His company is currently involved in testing symbols in 25 stores and he summarized the results from 12 of these testing stores. The stores were equipped with scanners from IBM, NCR, Datachecker and Sweda. 120,000 items were checked and approximately 3% of the items did not scan (required more than two scans to get a read.) Harrison characterized the problems, based on Lasercheck analysis, as bar widths out of spec, print contrasts unreadable and miscellaneous problems such as scuffing, location, etc. This presentation emphasized the theme of the entire seminar highlighting the necessity for verifying printed symbols before they are shipped.

George Goldberg, Publisher of SCAN Newsletter delivered the keynote address and presented a broad overview of bar codes, scanning and related technology in many industries and for many applications in addition to UPC and food retailing.

A <u>full</u> <u>updated</u> <u>tabulation</u>....

....of UPCC scanning installations in the U.S. and Canada has been released by the Food Marketing Institute. The breakout by equipment manufacturer looks like this.

	Total As of 12/78	Installed 1/79	Total to date	% of total
IBM	229	9	238	39%
NCR	229	26	255	42
Datachecker	64	--	64	11
Sweda	29	8	37	6
Univac	11	--	11	2
Total	562	43	605	100%

For those statistically minded here are some interesting facts:

- There are a total of 28 scanning stores in Canada.

- In the U.S. 15 states have 80% of the installations; the remaining 20% are in 20 other states.

- Five retailers have 181 installations or 30% of the total; Giant (74), Winn-Dixie (61), Wegman's (20), Ralph's (13), and Schnuck's (13).

- The Southeastern section of the United States is way ahead of any other region with 181 installations or 32% of the total.

- 1978 started out with 206 stores and wound up with 562 stores, an increase of 170%. At the current rate of monthly installations the number of stores should be well over 1,000 by the end of 1979.

- Lest we feel sorry for IBM, now trailing NCR in the United States and Canada, the European market is totally dominated by IBM. This is described elsewhere in this issue.

<u>The</u> <u>continuing</u> <u>saga</u> <u>of</u> <u>the</u> <u>UPC</u> <u>symbol</u> <u>on</u> <u>cents-off</u> <u>coupons</u>....

....continues (SCAN Sep 78, Feb 79). We received a letter from counsel for the Uniform Product Code Council for clarification of the suit, UPCC vs Kaslow. The case has not been thrown out of court as we previously reported but has been placed on the suspense docket "subject to reinstatement". It is being held in suspense pending the outcome of the UPCC protest filed with the Commissioner of Patents and Trademarks urging that the Kaslow patent be disallowed. Judge Conner, who placed the UPCC vs Kaslow case on the suspense docket, has sent a letter to the Commissioner of Patents and Trademarks urging that the case be expedited "in order to minimize delay in the final disposition of the action in this court".

Meanwhile the trade press is full of the latest attempts to minimize coupon fraud by employing various means for policing the redemption of these valuable coupons. Everyone is lamenting the misredemption of as many as 20% of all coupons submitted, amounting to over $200 million loss per year to manufacturers.

We've heard nothing new about Ralston Purina's move to go ahead with the testing of cents-off coupons on a limited basis (SCAN Feb 79). We will continue to keep an eye on this very important topic.

We can't report too much progress....

....by the liquor industry and their program to institute bar code scanning on liquor and wine bottles. There seem to be a number of delays and problems in trying to get the program started.

The issuance of the Uniform Code For Alcohol Beverages (UCAB) numbers (SCAN Dec 78) is running far behind schedule. These five-digit identification numbers were to have been issued to each of the distillers by December 78 or January 79. As of today the schedule has been pushed back to May 1979 with some question as to whether that schedule will be met. Some Control States had originally established a schedule for implementation by August 1979 but there is no way that date will be met.

Indications are that the distillers are doing their best to prepare themselves for this program and many have completed studies as to where the symbols will go. Nothing can be done, however, until the numbers are issued and final specifications established.

Comment

We have heard that some of the major wine companies in California are resisting the entire program, particularly since many of them have already source marked their bottles with the original UPC symbols. The problem is that nobody is talking too much at this time and the coordination between the various segments of the industry just hasn't been happening.

A rundown of the status of European Article Numbering (EAN)....

....provides interesting insights into the progress in the various countries:

	Scanning Stores		Manufacturer's Numbers
	Installed	On Order	Issued
Germany	6	18	2,600
Denmark	1	n.a.	n.a.
Italy	5	2	n.a.
Netherlands	3	n.a.	150
U.K.	0	2	200
France	0	1	350
Switzerland	0	0	20
Belgium	0	0	50

There are five additional countries committed to EAN but of those only Sweden is showing any significant progress. Sweden expects to move ahead more rapidly toward the end of 1979.

Of the 38 installations listed above, either installed or on order, IBM accounts for 34 of them. Three are with NCR and one with Sweda. Although

NCR and Sweda are active in the European market IBM has been totally dominating the sale of scanners so far. As we had pointed out before one of the signficant aspects of these installations in Europe is the large number of scanning lanes in some of them. Two stores from the Bayrische Lagerversorgung chain have 29 and 35 lanes respectively. The 35 lane store is reputed to be the largest scanner installation in the world.

The European market for EAN symbol verification equipment is also quite active and seems to be dominated currently by Photogrphic Sciences Corporation. They have installed close to 100 of their AutoScan and VeriScan units, mostly in Germany, where food manufacturers, supermarkets and printers are quite intent on verifying the film masters they receive and the printed symbols they produce.

From all indications the next two years should see a great deal of increased activities in these countries. A more detailed review of activities in France will be presented in the April issue.

MediaScan,....

....a roundup of articles in the trade and consumer press on scanning.

Premium Incentive Business - 2/79

This issue presents an excellent series of articles on the analysis of promotions by supermarkets and research organizations using scanning data. It includes a rundown of the various types of services available, the techniques used and the cost of some of these services.

There will be changes in the methods of testing, tracking, and evaluating promotions with the use of UPC-generated data. We can expect that new promotions will be tested in supermarkets with scanners because of the immediate availability of test results. Supermarkets will begin to control and structure the types of promotions they will handle so that they can derive analytical results using scanner data. Supermarkets will be selling the data from their scanning stores directly, through their own research organizations, or through established market research companies. The scanning hardware manufacturers are working closely with the supermarkets in designing computer software to help in the evaluation of such data.

Non-Foods Merchandising - 2/79

A report from the Housewares Show in Chicago where the scanning of UPC data on non-foods merchandise was emphasized as an important tool to sell supermarkets to expand their promotion and merchandising of general merchandise items.

In a speech at the Housewares Show, Robert Aders, President of the Food Marketing Institute, told the retailers and manufacturers "The next decade will certainly see the conversion of the supermarket cash register to computer-assisted checkout. The delay is over. 52% of our 800 U.S. member companies plan to convert at least one store by 1980. Reports from firms heavily committed to scanning have been very positive."

Advertising Age - 2/19/79

Controlling coupon misredemption is described using antiquated methods of
policing coupons submitted for redemption. The author admits, however,
that this will place only a small dent in the $200 million per year fraud
perpetrated on the industry.

An article titled "UPC Symbol Not Delivering Goods" is difficult to summar-
ize. The author, an advertising agency executive, flip flops through the
article starting with statements such as "They're good -- even great -- but
they are not 1776 or 1984" referring to the revolutionary claims of the new
system. The last paragraph seems to sum it all up for him, "Scanners _are_
going to revolutionize information gathering in grocery store marketing.
But if you are working on a new product today, don't wait for them." In
between, there was much distortion and misstatement of facts. Not a very
good guide for advertisers who have the opportunity to obtain marketing
information on a timely basis and with an accuracy not previously avail-
able to them. Someone ought to straighten out Mr. Pomerance of Foote,
Cone and Belding.

Mind Your Own Business - 2/79

A test program conducted by the Boots Company and Sweda International in-
cluded the reading of magnetic labels as well as UPC symbols for this very
large retailer in England. Boots is a retailer of pharamaceutical products.
In addition to installing 60 Sweda 800 checkout terminals with magnetic
label readers in one of their larger stores, the company tested the scan-
ning of UPC symbols using 10 scanners in one of the smaller stores. They
chose UPC bar codes rather than EAN because printing and reading equipment
were readily available. This is the first UPC installation in the United
Kingdom although, ironically, it is not a slot scanner in a food supermar-
ket. Both Boots and Sweda claim to have learned a great deal from the
experiment which started in 1975, and I guess they both want to digest their
findings. Boots has replaced the scanning equipment with conventional cash
registers pending their final decisions.

Dymo Retail Systems has taken a unique approach....

....in their establishment of a national sales organization. They are now dis-
tributing their retail pricing and coding systems through food broker organi-
zations which they claim "would provide broader food industry coverage for Dymo
while at the same time giving Dymo's present retail food customers more compre-
hensive service and support." The list includes 20 food brokers located
throughout the country.

Of passing interest....

....is Westinghouse's use of the UPC symbol for a premium offer. The company
asks you to cut out the symbol from the package and send in for a set of four
monogrammed crystal glass mugs. Why, however, did they have to print the sym-
bol (New York Times Magazine ad) totally out of specification?