



newsletter

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

SCANNING, CODING & AUTOMATION NEWSLETTER • 11 Middle Neck Road • Great Neck, N.Y. 11021 • (516) 487-6370

Volume III Number 4

December 1979

At the November meeting of the....

....Uniform Product Code Council (UPCC) the subject of the problems attributable to non-readable UPC symbols in the supermarkets was discussed (SCAN Nov 79). The conclusions reached were that there was no hard evidence to indicate the extent of the problem, and that no specific remedial action was needed at this time. There are those who suspect that some of the studies conducted by the manufacturers of verification equipment have been misquoted and may have caused unnecessary alarm.

The Food Marketing Institute was present at the meeting but did not pursue the subject as aggressively as anticipated (SCAN Nov 79). Rather than jump hastily into any decisions, UPCC decided to undertake a study of symbol printing accuracy. A large number of items will be sampled from the supermarket shelves and will be measured. The emphasis will be on printing to specification rather than actual scanning. The Council is mindful of the fact that the responsibility of the manufacturers and printers is to produce a symbol that meets specification, including color contrast, bar width, symbol location and number assignment.

The UPCC Board of Governors has a new chairman, Robert B. Wegman, of Wegman's Food Markets, Inc. Wegman replaces Burt Gookin of the H. J. Heinz Company, who has been active with the Council from its inception. Gookin will remain on the Board of Governors.

There are a number of significant developments....

....related to bar code scanning in Europe. Most of these are associated with the growth of European Article Numbering (EAN) which is achieving a high level of recognition and acceptance in many countries.

In the United Kingdom, the Article Numbering Association (the EAN administering agency in the UK) had a major meeting on November 20, attended by over 550 delegates. Many papers were presented and information exchanged. The key result emerging from the meeting was that almost everyone has come around to recognizing that supermarket scanning is imminent and that the time has come to get ready. About 250 manufacturer's numbers have been issued. Keymarkets are in operation with a demonstration unit in one store and other chains have announced that they are on the verge of installing scanners in a few months.

In Germany, EAN has already achieved wide acceptance. 3500 manufacturer's num-

bers have been issued and it is estimated that approximately 12,000 items have been source marked. There are 11 stores up with scanners and 8-10 more are expected within a few months. The progress in Germany has been phenomenal.

Switzerland and Sweden have been laying the ground work for EAN for over a year and the first scanning stores are expected to be installed sometime in 1980.

There is a great deal of bar code scanning activity in Italy. ITALCOD was established early in 1979 to administer the EAN system. Two IBM point-of-sale systems are installed in Bologna at COOP, a large Italian supermarket group, plus 3 other installations in other cities. A number of the major supermarket suppliers are committed to source mark their products starting in 1980.

Although all of the scanning installations in Europe are American-made, there are signs that, as the orders increase, there will be European entries into the marketplace. Nixdorff expects to test their scanning units in 1980. The company claims to have two stores signed up for future orders and their plans are to go into production in 1981 when the market expands. Other POS companies, such as Hugin, are actively looking at the market and are expected to make their announcements soon.

The enormous flap made by Scantron (SCAN Oct 79) has fizzled. This may have been more of a media hype than any actual claims by the company. In any case, Scantron, which claims to have equipment which can scan OCR-A characters when passed over a slot scanner, has clarified the situation. They make no claims that their system is presently adaptable for supermarket scanning or that it poses a threat for the bar code laser scanners. Scantron's units are expected to be a step forward in improved scanning of OCR-A characters for other retail applications.

An aggressive Italian company....

....with an established product line in Europe, is planning to establish a branch in the United States to seriously enter this market. Datalogic is based in Bologna, Italy, with production facilities in Bologna and in West Germany. The company also has sale offices in all of the Common Market countries.

Datalogic produces and sells a line of laser scanners and wand scanners for a variety of bar codes including UPC/EAN, Codabar, 2/5, Code 39 and others. One of the major features of the equipment offered by the company is its compactness and size compared to those of American manufacturers.

The company was started eight years ago as a manufacturer of photoelectric devices. The bar code scanning division is three years old. Sales in 1979 will be over \$15 million, a 55% increase over the previous year.

The scanning industry....

....has lost a couple of marketing men:

- Art King, Marketing Manager of Identicon Corporation (Franklin, MA) has left the company. No word as yet as to where he has landed. Al Rifkin,

General Manager of Identicon, has assumed the duties of Marketing Manager.

- Tony Gargano is no longer the Marketing Manager for Metrologic Instruments (Bellmawr, NJ). Tony has gone back to the RCA Corporation where he had worked a few years ago.

The US publishers of paperback books....

....are moving rapidly toward the printing of scannable bar codes and OCR-A code on their books (SCAN Sep 79). Almost all of the major publishers are already committed to the system and the symbols will be appearing on the back covers of paperbacks early 1980.

As adopted in the US, the code and symbol are constructed as follows:

1. A five-digit publisher's number issued and used in exactly the same manner as the normal UPC manufacturer's number.
2. A five-digit UPC "product" number which is actually the price of the book.
3. A five-digit supplemental add-on bar code representing the title portion of the ISBN number.
4. The full ten-digit ISBN in OCR-A characters located immediately beneath the bar code symbol.

(ISBN stands for the International Standard Book Number, a world-wide numbering system adopted in 1969 and now used extensively throughout the world.)

The structure of the symbol in the United States was adopted mostly through the efforts of the Council for Periodical Distributor Associations (CPDA). The CPDA was primarily concerned with the handling of returns of magazines and paperback books by the distributors and wholesalers.

A separate effort, however, has been launched in the United Kingdom by the "Machine Readable Codes Joint Working Party". This group recently issued their interim report and recommendations, covering all types of books, which differ in many substantial ways from the system now adopted by the paperback publishers in the US. Their efforts are directed toward the publishers in all EAN countries and not just the UK. Some of these differences which may cause difficulty in the near future:

- The Joint Working Party recommends that the bar code symbol, using the EAN format, be comprised of the full ten-digit ISBN number with a special "country of origin" code indicating that the product is a book.
- It leaves open the question of coding the price, which they designate as an optional add-on supplemental code.
- The UK group specifies the location of the symbol to be in the lower right-hand corner of the back cover. CPDA indicated the lower left as the preferred position, either parallel to or perpendicular to the bottom edge.
- The UK recommends that the symbol also be printed inside the book on the verso of the title page.

- The UK group recommends that the ISBN number in OCR-A characters be printed above the bar code symbol, rather than below as is now being done by the US publishers.

Although some of these differences may be readily reconciled the structure of the code and symbol itself presents difficulties that will not be compatible to scanning systems in the various countries. The paperback publishers in the US have moved ahead on their own, in cooperation with CPDA, and the symbol format is actually a fait accompli. The UK recommendations must still be approved by the EAN council in Brussels and even then it will leave open a number of options for each country to adopt.

An indication of the type of additional problem that could still arise, is the fact that Germany has adopted the use of the ISBN code in the OCR-B font (this is the same format used for the numbers printed below the UPC/EAN symbols).

Comment

We foresee a great deal of work and compromise if a common international symbol is to be adopted. We suspect, however, that localized national commitments are being made right now, and that we may wind up with something less than international uniformity. The problems, of course, will fall particularly on the manufacturers of equipment, who will be required to provide the means for finding the symbols in various locations and formats. The potential exists for a large number of bar code and OCR scanners to satisfy the market during the next few years, and should not be ignored.

For those who think....

....that we only cover the "establishment" press, we have an item from the Berkley (CA) BARB, part of which reads as follows: "Winston Smith is an artist with a cause. He's fighting for freedom, for liberation and for the elimination of the Universal Product Code (UPC). You know the UPC -- those zebra stripes that have appeared on everything from cereal boxes to magazine covers. Smith states, 'To me it represents totalitarianism. They're being used to put people out of work -- grocery clerks, warehouse workers.'" "



Smith and his organization, Fallout Productions, are spoofing UPC with what they call "Numb Tags" (for numbing) like the one shown here.

Symbol Technologies is planning....

....a Southeast Regional Seminar for January 16, 1980 in Atlanta, GA. It is scheduled to last a full day and will be held at the Hyatt Regency.

Included as speakers for the seminar will be Tim Hammonds, Senior V.P. of Food Marketing Institute; William Maginnis, Packaging Director, Hunt Wesson

Foods; David Lansdale, Packaging Director, Scott Paper Company; David Blossom, National Sales Manager, Wilson Engraving. Also on the program will be key personnel from Symbol Technologies including Ed Shadd, Chuck Furedy, and Rich Mathews.

The title of the seminar will be UPC in the '80's -- The Second Decade. We understand a very ambitious seminar is planned and 20,000 invitations have been sent out by the company. The day's proceedings are free.

For more information, contact Florence Oreiro, Symbol Technologies, Inc., 90 Plant Avenue, Hauppauge, NY 11787; 516/231-5252.

Another record month....

....was recorded in October with 105 new UPC scanning installations in the US and Canada. We knew that the race among the scanning systems suppliers was heating up, but October's figures were particularly dramatic:

IBM	33
Datachecker	32
NCR	29
Sweda	6
Data Terminal	5

And we can't leave the subject of scanning in the United States without mentioning the passing of Joe Danzansky who had been President and Chairman of the Board of Giant Foods. He was one of the earliest and most active proponents of UPC scanning, and Giant Foods was the first supermarket chain to install scanners in all of its over 100 outlets.

For those planning to install supermarket scanners....

....there has been some excellent advice published in the trade press and revealed at industry seminars during the past few months. As retailers with installed systems gain more experience, and as they become more open with their information, it behooves those who plan to convert to automated front-ends to listen carefully, benefit by the successes and avoid the mistakes.

Marie Young, Corporate Scanning Manager for A & P, told a meeting of the New Jersey Food Council, that scanning is inevitable if the supermarket "wants to be around by 1989." She placed the primary emphasis on careful planning and on the selection of competent and dedicated people. "You really have to rethink your entire operation in the period before installation."

Ralphs Grocery Company will be scanning in all of their stores by the end of 1980 because they cannot afford not to install scanners and pass up the 25% increase in front-end productivity. However, the company emphasizes the enormous amount of preplanning and preparation that goes into a successful operation. "Analyze your operation, set up a series of objectives, determine what you wish to gain from a shift to scanning and then start planning the shift."

Vince Ianniciello, Vice President of Olson's Foods (Lynwood, WA) lists the

four C's of scanning: commitment, credibility, consistency and communication. Commitment to the change-over, credibility by insuring that the price file is correct and agrees with the shelf price tag, consistency because the computer doesn't think, and communications with employees and customers.

The point is that many retailers are now prepared to talk about their experiences and to offer help to those just coming into the system.

Some financial news from the industry....

- Scope, Inc. issued their 9 months' report ended Sept. 30, 1979, indicating a 19% increase in sales and a 17% decrease in earnings. As for the balance of the year, the company says, "We expect that profit margins will continue to be adversely affected in the fourth quarter of this year, and that net income for the year will be below last year's record level." The company did declare a fourth quarter dividend of \$.15 per share.
- MSI Data Corporation declared another quarterly dividend of \$.10 per share, its 11th consecutive quarterly cash dividend. This, in spite of its considerable decrease in earnings (SCAN Nov 79).

Price removal in scanning stores....

....is still an issue that must be carefully watched in the United States. The Retail Clerks Union in Denver has registered opposition to the removal of prices by Safeway claiming that it will do away with supermarket jobs and be more difficult for consumers to know whether the correct prices are displayed and recorded by the scanners. The position of the Union was supported by a member of the State Legislature who plans to reintroduce a bill to require item pricing.

In California the item pricing law is due to expire on December 31, 1979, and efforts to renew the legislation have been defeated. The supermarkets in California are cautiously approaching the problem and Ralphs has stated that they will "explore customer preference before deciding."

We have resisted the urge....

....to review the '70's and predict the '80's in this last issue of SCAN for the decade. We will leave that to those who are wiser and have clearer crystal balls than ours.

Suffice to say, we are happy to be part of an industry that, by any measurement, is emerging from its first decade of gestation and entering a ten-year period of significant projected growth. Bar code scanning will become more and more evident in many and varied applications, and we hope to be around to report these events to you in the coming years.

Happy holiday season to all.