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The progress of European Article Numbering in France....

....seems to be moving in a very orderly fashion but with a scenario quite different from all of the other UPC/EAN countries. Consider the following facts which we learned at a recent interview with Gregoire Mercier, Technical Director of GENCOD, the EAN administrative agency in France.

o No scanning stores have yet been installed in France. A few are expected in 1980.

o Retailers are waiting for 50-60% of all products to be source-marked before they commit to scanning installations. The manufacturers seem to have accepted this position and many are including the symbol on their packages.

o There are about 15,000 products that have been source-marked with a significant increase in this number expected during the first half of 1980. This has been accomplished by six major retailers (private-label merchandise) and 250 manufacturers.

o 450 companies have officially registered with GENCOD and received their EAN number. One hundred more are pending. These 550 manufacturers represent 90% of all retail supermarket merchandise in France. If this seems like a small number compared to the 8500 registered manufacturers in the United States, it must be recognized that most products in France are nationally distributed and there are few regional products, as there are in this country.

o It is expected that there will be a doubling of the number of EPOS lanes to about 15,000 by the end of 1980. This represents the large base upon which scanning installations are expected to be built, once started.

o A major education and quality awareness program has been conducted by GENCOD with the manufacturers and printers. They are concentrating on the inclusion of the symbol on the package at no additional cost to the manufacturer. The French are very much aware of the situation in Germany where, they claim, printers are tacking on upcharges for printing of bar codes. These additional charges in Germany also cover the printers' liability, which may be unique to that country.

The status of the EAN program in France today, compared with early last year (SCAN May 79) indicates the unique situation of very extensive continuing preparation on everyone's part -- with limited commitment by the retailers.

They seem to be gettiing away with it so far, but scanning will have to come soon.

GENCOD is also involved in other codes and symbols related to distribution at all levels. They recently presented a paper to the EAN Executive Committee titled "Approach to the Problem of Marking Despatch Outers." The emphasis of this paper was that any code adopted must be compatible with the standard EAN code and that an international solution be obtained to "guarantee the free circulation of goods". As proposed, the code would include the full EAN 13-digits plus an additional two-digit suffix code to identify the quantity and/or assortment. Although a specific symbol was not identified in the paper, it specifically rejected the use of the UPC/EAN symbol as not suitable.

GENCOD also thought that it was important to clear the air regarding the announcement by Scantron of an OCR-A scanner that might have applications in supermarket checkouts (SCAN Oct 79). The GENCOD paper completely discounts the applicability of this equipment and details all of the reasons why it will not work.

Comment

From a much later start than efforts in the United States, the EAN Councils of Europe seem to be working toward a solution of the coding of outer cartons. The work of the Distribution Symbology Study Group in the United States is nearing completion. We hope that the results of DSSG's tests of printing quality and techniques will be coordinated with all of the other groups, particularly in England and France, and that a common solution will be forthcoming. It may be that the <u>official</u> status of the action groups in Europe have moved the problems closer to a decision. It would be wise for all groups to take advantage of the excellent tests and studies done by DSSG in cooperation with the Fiber Box Association. More about this in next month's issue.

The question of a random weight....

....code and symbol has been studied by a group in Sweden, appointed by that country's EAN Committee. They recently submitted a preliminary paper with their recommendations.

Basically they are proposing that the random weight symbology be formatted exactly as the 13-digit EAN symbol. The code itself would consist of a special two-digit flag for random weight items, a six-digit code for the article number, a four-digit code for the weight, and a check digit. The six-digit article number consists of two parts, identifying the manufacturer and the specific item. The manufacturer may be identified by either a two, three or four digit code and which will allow for 2,350 different producers to be registered. The article number assignments are structured in such a way that producers can identify from 99 to 9,999 different items.

There are also provisions in the recommendations for a special code and symbol for the outer shipping containers. The proposal goes on to actually format a suggested label indicating the location of the scannable bar codes and the other identifying information. They anticipate that, during the initial period at least, all of the information will be printed on labels applied to the package.

There's an enormous amount of effort....

....being expended by Farmer Cullom of Richfood, Inc. (Richmond, VA) on a number of developments involving the use of bar codes and scanning. Cullom is Manager, R & D, of the Richfood Meat Division but has become involved in many other areas of his company's distribution procedures to supermarkets. (He has been working primarily with all of the meat packers preparing for the use of a bar code symbology on the shipping containers. This involves use of a code for random weight items, both in-plant and in-store packaged.)

For all of its major product lines Richfood is now equipped with a system to produce retail shelf labels using a Printronix printer hooked into an elaborate computer system. The numbering system on the shelf labels is tied to the UPC number of the manufacturer and Richfood accounting is now running all of their purchase orders in UPC code sequence. Currently the labels will use the MSI bar code, but this could be changed to any symbology.

But one of the most interesting areas of involvement by Cullom is the development of a method to print the Richfood price/order book on microfiche. Samples of the microfiche have already been produced, each with 80 pages of the price/order book. Included with each item on each page is an associated bar code, and all 80 pages are reduced to a single 4x6 film. The plan is to use a microfilm enlarger/reader to enlarge the bar code and related information back to their original size, and project them on a screen. Then that information will be wand-scanned on the screen for direct communication with the host computer at the distribution center.

According to Cullom this provides the vehicle to obtain 100% direct order transmission "eliminating telephone order clerks, some valuable keypunch time, personnel and equipment, and reduction of error-rate." The goal is to eliminate the printing of the weekly order books, and he estimates the saving for Richfood would be on the order of $500,000 per year.

"Somewhere in the future", he says, "shelf labels may be omitted, with store inventory in layout sequence for order books on microfiche. The clerk could take a portable viewer with battery down each aisle and order restocks."

Comment

The automation of distribution to, and within, supermarkets has always seemed like the next logical step after the automation of checkouts by UPC scanning. Unlike the original UPC/EAN systems, however, there are no formally organized groups approaching these problems on an industry-wide basis. This is inevitably going to lead to fragmented systems with, at best, individual supplier industries adopting some uniformity. The meat industry may adopt its own system of coding and symbols and chances are it's going to be different from the ones adopted by produce, canned goods, etc.

If the number of scanning installations....

....in the US and Canada hasn't hit the magic number of 1500 by the end of 1979, it will be very close to it. The latest report, as of the end of November, registered a total of 1397, with the November tally for new installations at 101. The breakdown by manufacturers looked as follows for November:

NCR	30
IBM	29
Datachecker	24
Sweda	9
Data Terminal Systems	6
Datacash	3

In a related item, Progressive Grocer's survey of grocery executives reported that three out of every four interviewed expect scanning stores to total over 10,000 by the end of the 1980's and that these stores would reflect significant profit improvement.

Comment

Progressive Grocer admitted that their previous years' estimates for the number of stores converting to UPC scanning fell far short of the actual numbers achieved. We suggest that this one also seems a bit conservative. There are an estimated 10,000 upgradeable EPOS systems now installed and many of these are candidates for scanning within the next two or three years. In addition, it's hard to believe that any new stores will be opened after this year without preparation for scanning included in their original plans. Consumer approval has been heavy, and when the stand-alone units come into their own, we expect that the 1990 tally will be closer to 20,000. Making 10-year forecasts can be such an idle game. But with the current rate of installations at over 1,000 per year, and increasing, we believe that the smart money in the industry should be betting on the larger number, and gearing up for it.

Spurred by the announced decision....

....by some supermarkets that they will not accept any merchandise that is not UPC source-marked (after designated cut-off dates) non-food suppliers are stepping up their entry into the program.

According to a recent survey by Non-Foods Merchandising, 39% of all non-foods manufacturers indicate that all of their products are UPC coded; 24% that more than half of their products are coded; 16% have less than half and 21% have no products coded.

These figures do not tell the whole story, however, since a large number of companies contacted did not respond or did not want to indicate any specific dates by which they will be coding their merchandise. Many of these suppliers may be selling only a small portion of their output to supermarkets; others, who are selling to supermarkets, may not yet be involved with scanning stores. However, announcements, like the one made by Ralphs Grocery that they will not accept any merchandise after January 1, 1980 that is not UPC coded, will certainly stimulate many suppliers to rethink their attitude.

An additional prod to these manufacturers is the strong position taken by the General Merchandise Distributors Council (GMDC) at their Marco Island, FL meeting. Only a few of the 75 members of this major group of distributors do not have scanning stores among their clients. Their concern with product coding and the demands of the retailers, was expressed by one member who stated: "If a manufacturer isn't coded, he won't be with us much longer."

A major change to their old way of doing business was the distributor's position against pre-pricing. Frequent price changes at the retail level make pre-priced merchandise a problem, particularly with scanning stores where the price on the merchandise must agree with the price in the computer. Coding accuracy is another major problem concerning the wholesalers.

This is a far cry from the early reactions of many wholesalers/distributors/rack jobbers who were certain a few years ago that UPC scanning was going to eliminate the need for their type of distribution. They now recognize the potential advantages to the stores and to the improvement of their own services and operations. Members of the GMDC are anticipating the use of UPC codes and scanning techniques in their own order fulfillment procedures in the not-too-distant future. We can expect to find scanners in the warehouses helping in the assembly of orders for shipment and in the preparation of the paper work for shipping documents and billing.

There were a number of pertinent articles....

....in the December 1979 issue of Supermarket Business. Howard Rauch, the Publisher started off by polishing his crystal ball and predicting that, in 1980, a major problem is going to be the handling of the "morass of new market data" generated by the scanners. He makes an excellent point when he comments "Scanners are here...but the age of scanning is still over the horizon."

Joe Allen, General Merchandise Editor, discussed the implications of the computer and scanning on the supermarket service merchandiser (see article elsewhere in this issue about discussion of this problem at the recent GMDC Convention). Allen quotes from opposing points of view which state that "future scanning applications could largely eliminate the service merchandiser routeman" (per Stanton Davis, Chairman of the FMI Scanning Task Force). Morton Sigel, Chairman of the NASM disagreed and indicated that scanning will help to improve the efficiency of the routeman and coordinate his activities with the supermarket operators. Records kept at the scanning stores will prove to the stores that the general merchandise category is doing well.

Richard Schulman, Technology Editor, predicts that many aspects of the supermarket operations will be computer controlled in the 1980's and that many of these controls will be based on scanner generated data.

Those who want to keep current....

....on the progress of bar coding in the record industry should plan to attend the convention of the National Association of Recording Merchandisers (NARM) on March 23-26 at the MGM Grand Hotel in Las Vegas, NV.

Joe Cohen, NARM Executive Vice President, states, "The Convention will take a futuristic look at the impact which computers will have on the Recording Industry during the 1980's with special emphasis on bar coding and inventory management." Part of the exhibit area will include computer hardware and software demonstrating "opportunities for capitalizing on bar coding of product for more efficient inventory management".

NARM may be contacted at 1060 Kingshighway North, Cherry Hill, NJ 08034; 609/795-5555.

Symbol Technologies has issued their first annual report....

...since going public in June 1979. Their fiscal year ended August 31, 1979, and a preliminary summary of the results was as follows:

	1979	1978
Sales	$841	$268
Net loss	540	889
Net loss per share	.32	1.41
Backlog	1,317	38
Net working capital	1,115	(28)
Stockholders' equity	1,332	(648)

(All figures in thousands except per share data.)

The improvement in the working capital and stockholders' equity is attributable to the public offering last June which raised $1.2 million for the Hauppauge, NY company. The backlog consists mostly of orders for Lasercheck verifiers and magazine scanners from their distributors, Plessey/France, Data Processing Services, (Florida) and Batten Graphics (Canada).

Adding to our file....

....of bar code trivia, we received a spoof of futuristic bar codes taken from a magazine called "Heavy Metal". There were three pages of these "Alien Comix" with weird looking humanoid figures at war with other planets and everyone speaking in bar code language. The men spoke, the machines spoke, and even the other planets had something to say, and the "balloons" contained bits and pieces of bar codes taken from UPC symbols.

Even George Wright, who sent this to us, thought it was "too far out" for him to understand.

Photographic Sciences has named....

....a new Director of Marketing for its Symbology Group. The Webster, NY company has appointed Roger M. Hewett to this position which includes responsibility for all sales, market planning and administration.

The Symbology Group includes the manufacture of Film Masters and has production and marketing facilities on the West Coast of the US and throughout Europe and Japan.

The Food Marketing Institute....

....has just announced a new manual designed to help food retailers and wholesalers develop effective computer-assisted scanning systems. The project was funded by the Thomas J. Lipton Company from information collated by Booz, Allen & Hamilton and will be available in February 1980.