



# newsletter

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

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## In a major move....

....to provide a standard system of product identification and bar coding for random weight items, the UPC Council has issued a "Proposed Modification to UPC Guideline No. 11". Coding of variable weight items has long been in the planned program for the full implementation of UPC, but the method for product/price coding was deferred until recently.

Now that a large number of stores are successfully scanning standard weight merchandise, they are anxious to broaden the program to include as many additional items as possible. Random weight items such as poultry, meat, cheese and produce represent a large number of items and a disproportionate percentage of the dollar volume of sales. Under this proposed scheme the number system "2" would be used and a 10-digit format established which would identify the processor/vendor, a standardized item number, and the item price.

The proposal was submitted to a meeting of the National Broiler Council on January 28 and comments and suggestions were solicited by Tom Wilson of McKinsey & Company. A copy of the proposed modification can probably be obtained from the UPC office in Dayton, OH.

## The Board of Governors....

....of the Uniform Product Code Council has recognized its basic obligation to monitor UPC symbols that do not scan in the supermarkets (SCAN Feb 80; Dec 79). At its meeting in February, the Board established an information exchange for the express purpose of providing a communication link between retailers and manufacturers to report on UPC symbols which do not read at the checkout counter. The UPCC has undertaken this task to further the successful implementation of the system.

After discussions with the Food Marketing Institute (FMI) and other trade associations, the Board agreed that such an organization should be established and that it was the responsibility of the UPC office to provide this service. The details have not yet been worked out, but the general procedure will involve the establishment of a UPC "hot line". Retailers will call in if they are having problems scanning a product. They will be told if the problem is unique, or has been reported by others. If the report is the first one received, the UPC office will immediately notify the manufacturer.

The position of the Board was that in the early stages of the program, from



1974 though 1978, direct communication between the supermarkets and the manufacturers was sufficient. Now, with the explosive growth of scanners in the stores, and the significant increase in the number of manufacturers registered in the program, handling the problem at the individual store level has become too complex.

The UPC office in Dayton, Ohio, will be designated as the administrative office for this information exchange, and the program is expected to get off the ground within the next two months.

#### The scanning scoreboard....

....for UPC installation in the United States and Canada looks like this:

<u>Manufacturer</u>	<u>Installations January 1980</u>	<u>Total To Date</u>
IBM	27	576
NCR	32	571
Datachecker	23	272
Sweda	4	101
Data Terminal Systems	6	36
DataCash/Univac	0*	8
Total	92	1,564

\*DataCash installed one unit in January; Univac had one old system taken out in January.

Note that National Semiconductor's Datachecker is continuing to come on strong, and is running a close third to IBM and NCR in monthly installations.

#### There are some UPC straws-in-the-wind....

....that should be watched carefully during the coming months.

- o Item: Los Angeles may be gingerly testing item price removal for a year. A pending ordinance will allow one scanner-equipped supermarket to remove prices in each of the city's 15 districts. This is a compromise between the retail operators who want a free hand and the consumer advocates who want the mandatory item-pricing regulations to continue.
- o Item: Consumer groups in Denver are starting to exert opposition to item price removal in that area. Some of the chains in Denver, including Safeway, have begun to tentatively remove prices from many of the items in scanner-equipped stores.
- o Item: Alpha Beta has promised their customers that they will give them any item free whenever a scanner incorrectly records the item at a price higher than marked on the shelf. Ralphs is considering a similar gimmick in the areas competitive to Alpha Beta.
- o Item: Demonstrators from unions and consumer groups have been picketing some Ralphs' stores protesting the possible removal of item prices.



- o Item: In a most unusual move, Ralphs has cancelled its advertising contract with a local TV station because of what Ralphs considered biased reporting of the item pricing controversy in California.

Most of these items involve California retailers who continue to be the most aggressive in their use and promotion of scanning.

#### Retail scanning in Sweden....

...has been moving at a different pace and in a slightly different direction than EAN in other European countries. This was pointed out during a recent tour, by Par-Olov Sparen and Bjorn Passad, of the U.S. retail installations and product and POS hardware manufacturers. Sparen is POS systems manager for KF, the enormous Swedish cooperative union; and Passad is manager of ERFA, the Swedish consumer trade committee.

Sparen and Passad are two of the prime movers of EAN applications in Sweden. They point out that, because retailing in their country combines food and general merchandise in most of their larger stores, not all items can be entered in the data file. Their intention, therefore, is to place the EAN symbol on the non-food items representing price codes only. So far, nothing radical in their approach.

They proceed, however, to the position that slot scanning is not practical for general merchandise items and they plan to use wand scanners in all stores. They have conducted tests which indicate that the speed of wand scanning can be competitive with slot scanning for all items. In some cases general merchandise items require two scans for each item to cover both the item code and the price code.

The Swedish representatives say they have had difficulty in gaining the attention of the major hardware manufacturers to produce point-of-sale equipment which incorporates the wand scanner instead of the slot scanner. In addition, special configurations of the equipment may be required to satisfy some of their peculiar national requirements, particularly the one that requires the checkout operator to be seated and not standing, as in the U.S.

#### Comment

*Sweden is proceeding to source mark their packaged goods in anticipation of scanning systems, but still has a great deal of work to complete before the operating hardware is installed. Sparen and Passad continually refer modestly to the relatively small size of their country and the fact that their requirements don't always justify modifications to hardware and software. However, we found that they have an excellent grasp of the potential retail scanning systems and some innovative ideas that should be heard.*

#### There was a well attended EAN workshop....

....in Brussels late last year organized by Alimentary (Food) International Distribution Assn. (AIDA). A panel of 23 "international experts" exchanged experiences with over 400 participants from all of the Western European countries. Each expert had 10 minutes to present his material and then to answer questions from the floor.



Aside from the general review of progress of UC/EAN in the various countries, there were two items of particular interest:

- o There's growing pressure in Europe to have the UPC-installed equipment in the United States adapted to read the EAN code also. All equipment installed in Europe will read both codes and the Europeans feel that, since UPC and EAN are really part of the same family, the equipment manufacturers should make all scanning equipment conform to both. There have been complaints by European product manufacturers who ship to the United States that they may be forced to put two different symbols on their packages or to segregate their inventory.
- o One US expert (unnamed) created a brouhaha when he suggested that seated checkout operators (in Europe) encouraged laziness which could be overcome if scanning operators were required to stand. This is a super-sensitive topic in Europe, where many countries have laws or union agreements requiring checkout operators be seated at their jobs.

#### In an effort to stimulate....

....the industry program for bar coding of recorded music, the National Association of Recording Merchandisers (NARM) has just sent out a questionnaire to all of its members.

The purpose of the questionnaire is to obtain information from the retailers, rack jobbers and distributors which will help in the preparation of educational programs; and to increase the pressure on the recording companies to place the bar code symbol on their products.

Commenting on the questionnaire, Joe Cohen, NARM Executive V.P. stated, "NARM's commitment to the bar coding of recorded products has been consistent. The results of the questionnaire will give us ammunition to continue the fight."

#### Comment

*Notice the aggressive terms used by Cohen. NARM has been experiencing resistance to this program and is anxious to push it to its fullest extent. The current state of business in the recording industry (down) has not helped in the introduction of this new technology. The questionnaire is probably a good idea, but could be a double-edged sword. It will flush out the attitudes of the dealers/jobbers and how strongly they feel, or don't feel, about scanning. Right now they're busy watching and applauding the FBI's crackdown on counterfeiters.*

#### The 1980 MHI Conference....

....on Automated Material Handling and Storage Systems will be held April 23-25 at the Atlanta Hilton Hotel. Included on the agenda for Wednesday, April 23, are afternoon and evening sessions devoted to scanning titled, "Controls: Material Flow and Information." These sessions will be conducted by the Automatic Identification Manufacturers section and the Chairman this year is Dean Percival of MEKontrol.



This was an extremely well-attended conference last year and this year's AIM agenda includes many items of importance to all those interested in non-retail scanning. The agenda includes the following topics and speakers:

- o Controls: A System Suppliers Approach by James Miller/Logan Company
- o What Is Current and Coming in Computer Control by Ray Spitz/IBM, General Service Division
- o Moving Beam Scanners: Current Applications and Future Solutions by Rick Bushnell/Accu-Sort Systems
- o New Technology in Bar Code Printing by Charles Mara/Computer Identics
- o Fixed Beam Code Reading: A New Approach by Dean Percival/MEKontrol

For additional information contact AIM/Material Handling Institute, 1326 Freeport Road, Pittsburgh, PA 15238; phone 412/782-1624.

This is the third year....

....that we have attended the National Retail Merchants Association convention in New York City. NRMA has been promoting OCR-A scanning for many years and features that system in a number of seminars and in equipment displays at the convention. We sensed a great deal of frustration on the part of the retailers, however, with regard to the OCR scanning systems that have been proposed. Individual store operators are complaining bitterly that they are not getting the cooperation from the hardware manufacturers that they feel is necessary. There are reports that Sears and Penney, the largest chains that have adopted OCR, are not using the wand scanners as widely as they should. There are pockets of resistance by cashiers who find it easier to key-entry the information. One of the major complaints has been cashier training -- or the lack of it -- and the high error rate experienced. Some studies indicate that the scanning error rate can run as high as 12%.

According to one company that installed the scanning system last year, an efficient system requires "good ticketing, good training, control of all aspects of the operation, and well-written store manuals." One director of data processing from a store in Salt Lake City told us, "We have 32 stores and we are really worried. We bought the hardware about a year ago and we can be in deep trouble if OCR doesn't work for us. We've gone from bar codes, which we had good experience with, (for back-room operations), to OCR which has not yet worked."

Operators expressed concern with the quality of the various types of printers such as those supplied by Dennison, NCR, Scanmark, Printronix, and others. Voids, irregular shading and spacing, malfunctions, and other problems, cause loss of confidence by the cashiers when they get less than perfect results from scanning. Quality varies and total management commitment to quality is a must.

At one seminar, the statement was made that future enlarged data file capacity will permit price-look-up. One retailer anticipates that when the systems are fully integrated, only a limited number of digits -- five or six -- which can fully identify the product, need be scanned. And when you get to that small number of digits, he said key-entry becomes practical once more. On the



other hand, those that oppose that idea maintain that PLU is impractical. When there are 80,000 SKU's in one store, a file cannot be maintained to handle all of those items, accommodate 100 terminals and register the constant price changes common in most stores (sales, mark-downs, etc.)

A major program still to be successfully implemented is Universal Vendor Marking. UVM has been resisted by the manufacturers and suppliers and this has been a significant added cost burden to the retailers. It can cost as much as 22¢ per unit, it was reported, to mark an item in the store; Levi Strauss can do it at the source, on their preprinted cards, for less than one-half cent.

The problems faced by the department stores in implementing the OCR system seem to be much greater than those of the supermarkets when implementing UPC/EAN. And since the industry does not speak with one voice, these problems are compounded.

#### Computer Identics has introduced....

....the Portable Code Processor (PCP-II), a new portable data entry terminal for bar code data collection. The manufacturer claims that it is the "first portable unit capable of scanning each of the following bar code symbols: Code 39, UPC/EAN, Interleaved 2 of 5 and Codabar." The buyer can specify any one of these symbols when ordering a unit.

The Westwood, MA company has equipped the PCP-II with the Lightpen, a "new high-performance hand-held scanning device" which C/I now manufactures. The PCP-II can accept and display bar coded messages of up to 32 characters. Its battery capacity permits approximately eight hours of normal to heavy activity and data base protection for 24 hours after memory has reached full capacity. The batteries are rechargeable.

C/I also claims that their Lightpen reads all types of bar code symbols including those printed in the blue-green spectrum and by the dot matrix printing technique. The complete unit, including the Lightpen, is priced at \$1,625.00 and is attractively packaged.

#### MEKontrol of Northborough, Massachusetts....

....has obtained a Consent Judgment enjoining Electronics Corporation of America "from further infringement of MEK's patent on a photo-electric article coding and classifying device." We have no further information at the time of publication, and will explore further for significance.

#### MSI continues to make news....

....with their financial reports and realignment of personnel. The Costa Mesa, CA company has just declared a quarterly cash dividend of \$.10/share, its twelfth in a row, and appointed James J. Orris, as VP/Marketing, and Peter S. Weinreb, as VP/Operations for Europe.