



# news

**SPECIAL**

1980 Automated Material Handling & Storage  
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The management  
Newsletter for all  
industries involved  
with bar-code  
scanning and  
related  
technologies.

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## A new image....

....is being projected by the Automatic Identification Manufacturers. This trade association of manufacturers of industrial scanning equipment is currently undergoing a reevaluation of their membership policies and future projects and activities.

One of AIM's current projects involves the preparation of a series of Uniform Symbol Descriptions (add "USD" to your list of alphabet-soup titles). Two symbologies have been designated so far and are in the process of preparation. USD-1 is for Interleaved 2 of 5; USD-2 for Code 3 of 9. The approach by AIM is to publish a series of "descriptions" rather than "specifications." These descriptions will not include drawings or tolerance limits but will be sufficiently specific to define the symbology, while accommodating minor variations. The USD's will establish a common set of standards and terms for everyone to use. It is not an accident that both USD-1 and 2 cover symbologies which generally conform to the recommendations of the Distribution Symbology Study Group for a symbol for shipping containers.

In addition, AIM is consolidating all of the known glossaries in the industry and compiling a new one that should be definitive and up-to-date.

### *Comment*

*Hooray for AIM! One sign of a maturing industry is the publication of standards and specifications. It reduces the costs of design, engineering and manufacture of equipment and supplies; it clarifies the options of the user/customers and reassures them of a stable technology; it provides a better interface with other technologies and disciplines; and it provides a working platform for the R & D necessary to develop new products.*

*It must be recognized that the adoption of standards may require give-and-take compromises by individual companies to arrive at a common set of standards. This topic is sure to come up for further discussion at the Atlanta meeting of AIM scheduled for April 23, 1980. At that time, there will be a presentation of many papers, and an opportunity for involved discussions by interested manufacturers and users, both at the seminars and in the hallways.*

## AIM has produced....

....a new sound/slide presentation illustrating many of the ways automatic

identification systems improve productivity in manufacturing, warehousing and distribution operations. This presentation by the Automatic Identification Manufacturers describes the types of bar codes which are applied to products, parts or components in the system. It explains the various modes of applying codes, the equipment necessary to read the codes and the manner in which a computer can be integrated into the system to control product movement and increase throughput.

The cost of the presentation is \$50 to non-members and a set may be obtained from the Literature Department, Material Handling Institute, 1326 Freeport Road, Pittsburgh, PA 15238.

#### With the approach....

....of the final work of the Distribution Symbology Study Group, many people are anxious to move ahead with the new program for shipping containers.

Bill Maginnis, chairman of DSSG, presented an interim report to the Uniform Product Code Council. The report was a favorable one indicating that, under proper controls and specifications, a scannable bar code can be printed on the outer shipping containers. Although the UPCC is expected to be the first industry group to adopt such a symbol, there has been no decision as yet. The Council will await the final written report of the DSSG before proceeding with the next steps, which could be quite involved and extensive. A symbology must be adopted, specifications and guidelines written and some method for administration and supervision of the use of the code and symbol must be established.

There is every likelihood that the lead from the UPCC will be followed by other industries. UPCC has an organization in place and operating which understands and has used bar codes symbology and can readily integrate this new system with the UPC program. Hopefully this will all move along rapidly following the final report of the DSSG (due in a few months), which has done such an outstanding job.

#### Welch Allyn is busily absorbing....

....their recent acquisition of Monarch Marking Systems' line of Codabar equipment (SCAN Feb 80). Welch Allyn is an old-line company (established 1915), manufacturing and distributing medical diagnostic equipment and fiber optics products. The company is currently going through an expansion to new plant facilities and has been rapidly increasing its fiber optics business as well.

The current approach is to maintain the status quo for the Codabar equipment. Welch Allyn has always supplied the scanning wand to Monarch for Codabar, and is quite familiar with the technology. They have assigned a full-time inside marketing man to handle the new line and will be distributing, for the time being, through their established sales rep organization.

Chett Benoit of Welch Allyn is very optimistic about the future of the Codabar products. He finds that there is a great deal of current interest and they are being kept busy answering new inquiries. They have plans for expanding their line to scan other symbologies and in general are very bullish about the industry.

## New equipment....

....that has been recently introduced:

Interface Mechanisms (Lynnwood, WA) announced a new non-contact fixed beam scanner which is plug compatible with all current models of Intermec bar code readers. Designated the Model 1301, it features a large depth of field, high resolution and solid state components. Three configurations of the Model 1301 are available with different trade-offs between depth of field, maximum scan speed and skew sensitivity. The company anticipates applications for the unit to include small package or envelope sorting, badge reading and test tube identification. Model 1301 is priced at \$430.

MSI Data Corporation announced a new low cost portable data entry terminal, designed for low to medium volume, for electronic ordering and inventory management systems. Called the MSI/66, the company states that this less expensive data entry tool will make the benefits of electronic ordering systems available for all applications, even for the smallest users. Completely compatible with the firm's MSI/77 and MSI/88 series terminals, the new unit weighs under 1½ pounds including batteries. The operator captures data via a calculator style keyboard or optical wand scanner, holds the data in memory and then transmits it to a remote receiver or host computer over ordinary phone lines. The MSI/66 is priced at \$460 with a 4K memory and \$560 with 8K memory. Substantial quantity discounts are available. The Costa Mesa, CA company has also announced the enhancement of its MSI/2732 data communications/receiver to include off-line storage capability using a magnetic tape subsystem; and an upgraded MSI/2731 transmission converter with off-line storage capability.

## The distribution of magazines and paperbacks....

....can be revolutionized by scanning, according to industry spokesmen at a recent meeting of wholesalers and distributors. In a presentation titled "Scanning -- the Ultimate Data Capture System", J. R. Sakariassen described the present system of scanning magazine returns, as used by the wholesaler, as follows: "With one pass over the scanner, we automatically credit our customer, post his distribution record, update our bulk record and produce a title by title return claim. In my view return scanning is the ultimate data capture system."

Sakariassen went on to state that the ability to scan paperback book returns, based on bar code symbols printed on the back covers, will remove the last remaining roadblock to the development of a fully integrated system. This has the potential for revolutionizing the wholesale distribution of paperback books. He described a totally integrated system based on data files maintained by the publishers, distributors and wholesalers. This system, he claimed, will radically change the methods for marketing paperback books. This industry has been severely affected, recently, by returns averaging 45%. He reasoned that only a computer, linked to automatic data capture, can absorb and compile the enormous amount of data required for quick response for the more efficient distribution of books.

He summed it all up with, "All of the elements necessary to maintain such a data base will become readily available to us when each book contains a UPC code and can be scanned."

Louis K. Satz of Bantam Books highlighted the marketing problem, at the same meeting, when he stated that the distributor, retailer or publisher can no longer afford the waste inherent in the enormous level of returns. He anticipates that the use of electronic tracking of title movement via UPC will allow the industry to efficiently collect the information needed to stimulate demand, increase profits and improve the understanding of the paperback market.

#### Giant Food has completed....

....a study, and prepared a controversial film presentation, on cents-off store coupons. The study was based upon data accumulated in all of their scanning stores. The highlights of their findings are:

- o There is fraud by cashiers redeeming their own coupons.
- o There is constant misredemption of coupons by customers, and cashiers do not want to challenge them.
- o The use of coupons is discriminatory; they are redeemed more heavily by the middle and upper income groups than by the lower income and minority groups who may not buy the newspapers or magazines or receive coupon mailings.
- o The heavy administrative costs are increasing.

Their conclusion is that retail prices should be reduced and coupons eliminated. This accumulation of data, and the conclusions reached, was made possible only through the use of UPC scanning.

#### One possible solution....

....to the coupon problem may still be a long way off. Scanning a UPC symbol on a coupon, which will only be accepted when matched to its corresponding product at the checkout, may represent the only way to eliminate coupon fraud, and costly handling. But the use of a bar code symbol on coupons is still hung up in the courts.

The Uniform Product Code Council has been suing Walter Kaslow to invalidate his patent on the use of UPC symbols on coupons (SCAN Sep 78; Feb 79; Mar 79). Both sides have completed their presentations of arguments to the Patent Office and are awaiting a decision, which will probably take at least a few more months. The UPCC position, submitted via expert testimony, is that the patent should have been "obvious" and not granted at all. In addition, they maintain that the invention was in public use, prior to the patent application, when it was employed in the Kroger test in Ohio early in the 1970's. Part of the test, the UPCC maintains, was the use of symbols on coupons by Proctor & Gamble and Banquet Foods.

At the present time, both sides are communicating only in the courts. There is still a long litigation road both in the Patent Office and in the New York courts before this will be resolved. Both sides maintain that they will exercise all available routes of appeal before giving up.

#### Comment

*We would like to state here publicly what we have told each of the parties*

to this litigation privately. The principals should sit down together in a room and talk about this problem. It seems possible, with the potential benefits for both parties, that a reasonable settlement can be reached. It will take many years to resolve if the situation prevails where only the lawyers will be talking to each other.

There are additional signs....

....that the battle over price removal in the UPC scanning supermarkets may be heating up. Articles such as the one by United Features Syndicate picked up by the Washington Post on March 6, 1980 may be an indicator.

Washington, D.C. is a scanning town with a large concentration of Giant Food Stores. (Giant was the first chain to go 100% scanning in its 117 stores in the Washington/Baltimore region.) The article consisted of letters to the editor which characterized price removal in scanning stores as "catastrophe."

Some choice quotations we particularly like:

- "Several charges were made for each item in a multiple pack."
- "It is difficult to comparison shop."
- "This is feeding the fires of inflation without cause -- except greed."
- "I wouldn't spend a dime in a store that puts blinders on its customers."

Comment

Do not underestimate the power of this emotional issue that basically stems from a lack of consumer information of how the system works and its potential customer benefits. In a related story, the California Grocers Association was chastised by its Executive Vice President who stated that unions and consumer groups that favor item pricing requirements can fill a hall with advocates of their position, while the industry cannot muster more than a few supporters. The problem, according to Don Beaver, is that the non-scanning stores are not supporting the industry position because they are not directly effected.

There seems to be a head of steam building up on this issue once more, and we are afraid we haven't heard the end of it. Some organized, centralized efforts, or at least guidance, are essential.

In a very up-beat analysis....

....of the potential for scanning in the United Kingdom, Post-News anticipates that 50-60% of all products in the UK will be EAN source-marked by the end of 1980. They further expect that the magical 70% level will be achieved by mid-1981. If this projection is fulfilled, they say, it portends a very active year for product manufacturers during the coming 12-18 months, and for POS hardware soon after.

Post-News feels that the supermarket chains in the UK are totally committed to

installing EAN equipment because they recognize its potential for improving services and its attractive return-on-investment. Tesco has announced that it is planning to close its smaller stores which will not justify scanners. Sainsbury is currently testing an IBM 3660 system in its Broadfield, Crawley store, and plans to install an NCR system for similar tests by late summer.

Since the chains in the UK are "doing remarkably well" with good profits and high ROI, these projections for growth, although ambitious, may be fulfilled.

For those companies in the United Kingdom....

....interested in obtaining a complete service covering all aspects of the application of EAN bar coding to packaging, Siebert/Head Ltd., had announced a new service. This London-based package design consulting company has recognized the importance of EAN symbols to their clients. It has become completely involved in the technology, and has incorporated it into its client services. This includes liaison with printers and manufacturers, changes in graphics and determination of symbol sizes and colors. Richard Allen, technical packaging manager of the company, indicates that promotional activity has yielded good results and has attracted many new clients.

For this month's blue sky....

....bar code application, we have one that should really make the producers of hand-held pen scanners sit up and take notice. For background: some TV manufacturers have recently been promoting a new gimmick for pre-selecting programs at the beginning of each week, and dialing them into the set so the viewer won't forget and miss his favorite show.

Now comes the the suggestion that bar code symbols be printed alongside the program listings in newspapers or TV guides. Then: the viewer scans the symbols of his weekly selections; the information is entered into the microprocessor of the home videocassette recorder; the selected programs are automatically taped at air time; the viewer watches the programs at his convenience. The interesting part of this idea is that it's probably technically feasible and within the current state-of-the-art, and might be something to look forward to.

Arthur King who left Identicon

....a few months ago (SCAN Dec 79) has just been appointed to the position of General Sales Manager of MEKontrol. King will be responsible for the direction of the Northborough MA company's dealer and representative network including promotion, sales, marketing strategy, new distribution channels and policy development.

He will also be accountable for the sale of MEKontrol's pre-engineered product line. We wish him luck in his new job.