



# newsletter

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

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## The final report....

....of the Distribution Symbology Study Group has been issued. It contains no surprises and no revelations. It does provide the needed substantiation that scannable bar codes can be printed on corrugated board. And it can be done using existing production equipment, all types of plate materials and on standard substrates. Providing that information is no mean feat in itself.

The major points of the report:

- Standard symbologies, Interleaved 2 of 5 and Code 3 of 9, have been selected as the symbols of choice. (Code 39 is a trademark of Interface Mechanisms, and although the symbology has been placed in the public domain, the trademark has not. Henceforth, we will try to use the generic 3 of 9 terminology, and would recommend the same to all industry groups and specification writers.)
- The size range of the symbols has been specifically limited (80% to 120%) to balance the printing capabilities on corrugated with the scanning range of remote scanners. Extremes of symbol sizes cannot be mixed and successfully read at a given depth of field.
- A set of color parameters has been provided which will meet the print contrast signal (PCS) requirements of the scanners and be suitable for the corrugated substrates and inks.
- A "bearer bar" is recommended to improve printing and avoid crashing and other hazards of flexographic printing.
- Probably the strongest area of the report, with the most detailed information for use by the container industry, is the section with detailed instructions to converters on plate-making, make-ready and printing procedures. It is this section that provides the printer with the confidence that it can be done, and the instructions on how to do it.

This is not a specification. The title of the report tells its own story: "Recommended Practices For Uniform Container Symbol -- Transport Case Symbol". Although the document does have drawings and some technical details, it lacks the dimensions and tolerances required for industry specifications. These have yet to be written.



Each industry group will select its own symbology based on its need. I 2/5 is a more dense code but is numeric only; 3 of 9 is alpha-numeric. Eventually, we expect scanners will be capable of reading both symbols -- probably interchangeably.

One of the things left to be done is a reconciliation of the US and European versions of the symbol size. The differences are very small and single uniform drawings should be produced as quickly as possible and approved. It would be a gross error to continue with 2 specifications where the differences are non-significant.

Comment

*The ad hoc DSSG was formed four years ago and has been in continuous operation since then. It was a voluntary industry organization in every sense of the word. It proceeded without any specific charter from any organization nor with any official cloak or charge of responsibility.*

*It produced voluminous records based on extensive tests (all of which have been placed in the public domain, by the way). It was driven, for the most part, by the selfless desire of a few dedicated individuals who saw a need and set out on their own, with the support of their respective companies, to meet it. There were many who gave a great deal of their time, but Bill McGinnis of Hunt Wesson Foods must be singled out for his leadership and for providing the cohesive, driving force to get the job done. It should have been done, as was the case with UPC and EAN, under the auspices and funding of specific trade groups. Lacking that, the group took it on themselves. They have caught a lot of flak, including some from these pages, but they should know that the industry owes them a great deal for their efforts and accomplishments.*

While we are on the subject....

....this might be a good time to clear up an area of potential confusion. The DSSG report refers to the Uniform Container Symbol (UCS) and the Transport Case Symbol (TCS). The first is the general designation now coming into use in the United States; the second is commonly used elsewhere. We would like to suggest a few reasons why a single title should be designated, and why Transport Case Symbol is probably the better one:

1. There is currently underway the Joint Industry Committee for Uniform Communication Systems, backed by the six major food industry groups. It is referred to in all the literature and reports as UCS.
2. This is not really a uniform container symbol since there are two symbologies recommended.
3. Transport Case Symbol seems more descriptive. Since it is used by the rest of the world, (Europe in any case) why not opt for that easy title?

As yet there has been no official titling of the symbol and it may fall to the individual industries to do so. We recommend to the Uniform Product Code Council and its Board of Governors that they adopt TCS as the official designation.



A progress report....

....on the ANSI Sub-committee on Coding and Labeling was released based on the third meeting of the group held on March 9th and 10th and hosted by Scott Paper in Philadelphia. Prior to the meeting, Mike Noll, Chairman, circulated a preliminary draft of the standard to 70 interested parties in industry and government. The meeting was attended by 13 members in a concentrated one and one-half day effort.

There are 3 significant issues that remain to be resolved: inclusion of Codabar as one of the symbologies to be covered in the specification; exact location of the symbol with reference to the edges of the container; and details on verification procedures. Based on the meeting, and additional work that is being done by committee members, a new draft will be circulated.

The next meeting is scheduled for late April, probably in Chicago, and Noll hopes to submit a final draft to the ANSI parent committee by May or June. The work of this committee is an important supplement to the work of the DSSG and can provide industry with an excellent working base for future reference.

For January 1981....

....there were 108 new UPC scanning installations (plus 9 not previously reported) bringing the grand total to 3,225. NCR installed 44; IBM -- 16; Datachecker -- 25; DTS -- 14 (plus 9); Sweda -- 9.

For those who want a record of the year-end totals for the US and Canada since the inception of UPC:

	<u>Yearly</u> <u>Installations</u>	<u>Cumulative</u> <u>Installations</u>
1974	6	6
1975	27	33
1976	64	97
1977	98	195
1978	367	562
1979	909	1,471
1980	1,637	3,108

"Not so" reports Walter Kaslow....

....when we questioned him about the report that the coupon-coding patent situation has been resolved. "The case is still pending on appeal in the Patent Office, and I am prepared to pursue this through every legal appeal even if it takes five more years."

We called Kaslow for his comments after reading an article in Supermarket News on March 16, reporting a statement by Robert Dills of General Foods Corporation. Dills stated that the coupon issue "has been resolved". The topic was discussed at the Third Annual Food Industry Executives Council Consumer Affairs Forum. There was quite a bit of attention directed to the problem of coupon fraud and recognition of the fact that coupon scanning can reduce the fraud significantly.



We suspect that there is little pressure to really settle this issue because many food company marketing executives do not believe there are enough scanning supermarkets to effectively use the symbol on coupons. The number of products scanned as a percentage of total purchases in supermarkets is rapidly growing, however, and we expect that the theoretical benchmark that will make coupon scanning effective, will soon be passed.

Uncovered among a series of....

....supermarket-related studies underway by the Federal Trade Commission, is one which focuses on "The effects of...scanners on item-pricing (that) may result in decreased price awareness by consumers and...higher prices." The regional offices of the FTC are fighting to preserve these projects in anticipation of Reagan administration cut-backs. Letters have been written to Congress in an attempt to avoid any such budgetary cuts.

The negative wording of the proposal, however, suggests that the FTC is operating on the assumption that scanners lead to item price removal, which reduces consumer price awareness, and results in higher prices. These studies have not been previously made public and the outcome should be watched carefully.

Meanwhile, the Los Angeles experiment in item price removal is running into difficulties with the administration of the results. The Oversight Committee rejected nearly 80% of the responses from the first quarter results (September 15, 1980 -- January 5, 1981) because of incomplete forms. A new report is expected in early April covering the most recent quarter. There is already debate within the committee as to the meaning of the consumer surveys that have been conducted.

The Nielsen continuing study....

....of source-marked articles in European supermarkets, reflected some very dramatic increases in 1980. Those countries with significant numbers:

	<u>January</u> <u>1980</u>	<u>December</u> <u>1980</u>
France	8.2%	27.3%
Germany	31.0	64.0
Great Britain	2.7	16.9
Sweden	*9.2	14.5

\*As of July 1980

These figures represent a sampling of a number of different products in selected categories and do not reflect total sales. Measuring symbol-marked products by total sales; i.e., all products as they move across the check-out counter, would be expected to yield higher figures. From the above, even if they are not exact tallies of all products, it can be seen that very substantial progress was made by the manufacturers in source marking their products with the EAN symbol. Pretty soon the retailers are going to run out of excuses as to why they don't install front-end scanning systems.



In a move to further expand their European operations....

....Photographic Sciences has announced the opening of a new facility in England. Located in Derby, the facility is expected to start up film master production in May 1981.

This seems to be a direct response to RJS Enterprises which recently announced it had licensed Kingstown Photocodes as its agent in the UK to produce film masters and sell verification equipment (SCAN Mar 81). Kingstown was the Photographic Sciences' selling agent for a number of years prior to this latest move. Not coincidentally, Photographic Sciences hired David Smith as their General Manager of the new operation. Smith was formerly with Kingstown.

For a relatively small, and just emerging market, the UK is developing into a very active and competitive place to sell film masters and verification equipment. We wonder what Frank Cicha (Photo Sciences' head of international operations) had in mind when he stated "Not since...Robin Hood has such an adventure occurred in...Sherwood Forest".

There are a number of trade shows....

....and expositions coming up which will feature bar code scanning applications.

The National Association of Recording Merchandisers (NARM) Convention will be held at the Diplomat Hotel in Hollywood, FL on April 11-14. George Goldberg, Editor of SCAN Newsletter, and Shelley Harrison, Chairman of Symbol Technologies, will participate in a panel discussion on the status of bar coding of record jackets and tapes. There has been a significant increase in the commitment by the record companies to bar code all of their new releases during this past year. At the present time 42% of the "Top 100" records are bar coded and most of the major companies are fully involved in the program. The only holdouts are Atlantic, Elektra, EMI/Liberty, Motown, and Polygram. The primary application of scanning in this industry involves backroom operations. Inventory, receiving and returns are operations which can benefit substantially from the introduction of bar code scanning. There will be a number of companies at the convention demonstrating their hardware and systems for the record retailers. NARM, 1060 Kings Highway North, Cherry Hill, NJ 08034; 609/795-5555.

The National Wholesale Druggist Association has scheduled their annual business systems seminar June 21-24, at the Galleria Plaza Hotel in Houston, TX. The program includes seminars on scanning applications with booths and exhibits by companies serving this industry. NWDA expects between 500 and 600 attendees to participate in the balanced program which consists of general business sessions, workshop sessions, trade show exhibits and tours to several outstanding drug wholesaler locations. Annual sales of NWDA wholesalers exceeds \$6 billion. NWDA, 670 White Plains Road, Scarsdale, NY 10583; 914/723-3571.

And if you are part of the supermarket industry, you will of course want to attend the annual FMI Convention and Educational Exposition May 3-6 at the Dallas Convention Center. This is the big one that has featured scanning for the last six or seven years. Expect to see the latest in POS scanning and



peripheral equipment at this extravagant industry showcase. FMI, 1750 K Street NW, Washington, DC 20006; 206/452-8444.

#### Some financial highlights....

....to report. In its annual report for 1980 SCOPE (Reston, VA) recorded a modest 8% sales increase to \$70 million for 1980 with a 9% profit increase to \$2.5 million. The company reported disappointing results for its MRC division which produces bar code scanners and other products. MRC suffered a loss on operations, although sales increased 4%. The loss was attributable to "cost overruns on several automation equipment programs, and investment in engineering to position the company to be a major participant in the rapidly expanding laser scanner market." The division is predicting significant growth in this area for 1981, with current order levels pointing to a 100% sales increase over 1980 for scanner products.

Symbol Technologies' financial report for their first quarter ended November 30, 1980, is a little dated, but worth noting. On sales of \$733,000 (up from \$423,000) the company showed a small profit of \$31,000 (\$.01 per share). We believe this is the first profitable quarter by the company since they went public and is attributed, by Chairman Shelley Harris, to an increase in the gross profit margin and higher interest income.

#### Welch Allyn is now producing....

....their new series HBD Bar Code Decoder terminal. This terminal was developed for use in existing computer-based collection systems including blood banking centers. The unit can be programmed to read Codabar and Code 3 of 9 without manual switching.

The HBD terminal costs \$815 with discounts bringing the price down to \$625 for 100 units or more. Current applications, in addition to the blood bank, include library systems and use in restaurants. The company has one installation in a restaurant recording orders, inventory and reconciliation of cash.

Welch Allyn acquired Monarch Marking's Codabar system last year and is now surfacing in an aggressive marketing position with existing and new models of their scanners. A new terminal is expected within two months. Welch Allyn, Jordon Road, Skaneateles Falls, NY 13153; 315/685-8351.

#### A new high-speed laser reader....

....has been announced by Metrologic Instruments. The Model MS105 uses a safe, low-power, hard-seal, helium-neon laser with a scan field that is 4 inches deep and located up to 18 inches from the base of the scan head. The field is scanned 480 times per second and the company claims fine resolution, and constant scan patterns. The MS105 can read UPC, Codabar, Code 3 of 9 and other bar code symbols at production line speeds of up to 2500 feet per minute. The price of the MS105 scan head and computer system without options is \$4,875. Metrologic Instruments, Box 307, Bellmawr, NJ 08031; 609/933-0100.