



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 V Number 2



ISSN 0273-3080

October 1981

As they relate to bar code scanning....

....there were some negative aspects to the 1981 Automated Material Handling and Storage Systems Conference held in Philadelphia, September 16-18. Let us get those out of the way first. Then we can get on to some of the more positive developments for the future.

- The convention program, and the papers presented, pretended that scanning was non-existent. In some of the presentations on material handling the speakers actually slid right by bar codes on slide illustrations without acknowledging or referring to them in any way.
- There were two speakers from this industry with papers on bar code scanning: Ed Andersson of Computer Identics, and Art King of MEKontrol. They were scheduled opposite each other in two concurrent sessions. Of necessity, each was limited to presenting a very basic primer on the subject. This is material that has been done often at previous MHI Conventions and it is getting tired. None of the new applications or exciting developments in this field could be explored. The 45 minute presentations had to tell the audience about scanning in the simplest possible terms.
- There was very poor attendance of company suppliers from the scanning industry. The regulars were there, but even many of the AIM members were missing.

We did manage to speak with a number of the industry leaders and AIM officers, and came away with a more positive outlook than the facts above suggest. Future plans for AIM to run a separate conference, devoted only to bar code scanning, are moving ahead (SCAN Jul 81). The Material Handling Institute has never run a special seminar or conference for only one of its product sections, and they are carefully thinking through this project before making a decision. Since AIM is projecting a larger membership than any of the other product sections of MHI, and since AIM has agreed to continue its support of the regular Automated Material Handling and Storage Systems Conference, the outlook is favorable.

The target date for such a special AIM Conference would be the Fall of 1982. This is the time to support AIM's activities if you are a part of this industry. You can do this by joining the organization, or at the very least communicating your support, ideas and interest to them. Suggestions will be welcomed from users as well as suppliers.

One of the highlights of the conference occurred when Ed Andersson wound up his presentation to over 300 attendees by asking: "How many of you have installed

or are planning to install bar code systems in your company?" A surprising and gratifying 80% of those in the room raised their hands, confirming the broad-based interest in scanning among material handling specialists.

There are very positive plans in work. They will lead to successful and expanded activities for this industry, if sufficient support and cooperation are forthcoming.

Another scanning company....

....is demonstrating optimism for the future by planning for expansion. Computer Identics has begun construction of a new building in Westwood, MA, not far from its present location. The new facility will be 60,000 sq. ft. (up from the current 26,000) with room to add 100,000 sq. ft. more.

Computer Identics is marketing their Sort-A-Pac system and announced a major installation at Walgreen's new Orlando, FL distribution center. Sort-A-Pac is a product sorting system with accounting capabilities. Products with bar coded labels are transported by conveyor past a laser scanner. The scanner transmits the label data to the Computer Identics Controller to track the carton and to issue a divert signal at the proper lane location. In addition to these control features, the system receives divert verification information for accurate product accounting reports.

David Collins, President, also reports that the company is still aggressively pursuing its suit against Southern Pacific Railway (SCAN Nov 77; Jul 78; Aug 78). Computer Identics won an important early round a few months ago in the case involving Automatic Car Identification. The Court ruled in favor of C/I at a pre-trial hearing, and made a preliminary award of over \$10 million with triple damages possible. The actual trial will be scheduled as soon as a busy court calendar permits.

European retailers have....

....a much broader choice of front-end scanning systems than the selection available in the U.S. and Canada. At the recently concluded EPOS 81, the European Congress On Automation In Retailing held in London, there were over one dozen suppliers who were exhibiting front-end scanners. The equipment ranged from full multi-lane systems with slot slotters, to stand-alones for EAN and/or OCR-A scanning with the simpler and less expensive wands.

In addition to IBM, NCR, Sweda and Data Terminal Systems, all familiar to retailers on this side of the ocean, the exhibitors included:

- Anker -- With its ADS affiliate, a major German entry with a system designed to meet the requirement in some European countries that the checkout staff be seated while working.
- Honeywell -- Marketing the DTS equipment under a special arrangement.
- Hugin -- The Swedish point-of-sale company with a major effort in wand and slot scanners.
- Micronic -- Another Swedish company, with wand scanners.

Omron -- A newcomer in the field, from the UK.

RTC -- Also from the UK, with front-end wand systems (RTC stands for Real Time Control).

Software Sciences -- A division of the British Oxygen Corporation with hand-held scanners reading OCR-A for the book trade.

TEC -- Tokyo Electric Company. This organization was extremely aggressive and active and presented both slot and wand scanners.

Among the more significant papers presented was the one by the Swedish Cooperative, detailing their findings that hand-held wands were as efficient as slot scanners at half the investment. There is a strong movement in Europe to provide scanning for the smaller stores, and a number of the exhibits and reports focused on that technology. A group of 3,000 independent smaller grocers in the UK are sponsoring field tests with TEC on scanning feasibility. This market is expected to open up soon, and there are optimistic forecasts as to the number of small stores that will adopt scanning in the next few years.

With the steady increase....

....of EAN source-marked products in Europe, A. C. Nielsen is predicting major progress in the installation of front-end scanning during the next 18 months. Nielsen's POS News, a bi-monthly survey of source-marking, showed the following results in a survey completed as of 4/81: Germany-69%; France-39%; Great Britain-26%; Belgium-24%; Sweden-24%; Ireland-16%; Switzerland-14%; Austria-13%; Netherlands-10%. These percentages are based on item counts on the shelves and not weighted by sales. Graham Suffolk, A. C. Nielsen Company, Box 156, CH6002, Lucerne, Switzerland.

Way down the list....

....in 35th place, beyond such highly significant factors as "aisles clear of boxes" and "friendly manager" and "carry purchases to my car" is "store has UPC scanning registers". This was the result of a survey taken by Progressive Grocer and Home Testing Institute asking consumers "What's important in choosing a supermarket?" Of those surveyed, 13% gave scanning an Extremely Important rating; 39% said Not Important.

Perhaps it would have been much more significant if the results could have been broken down to that group that shop in scanning supermarkets, or at least have scanning markets available in their shopping area. We don't think scanning will beat out "pricing" (No. 1) and "cleanliness" (No. 2), but it might be up in the top 10.

Robert Collings, founder....

....of Data Terminal Systems, has resigned as Chairman and CEO of the company. Warren Tyler will continue as president and Andrew Nichols, an outside director and counsel for the company, has been elected Chairman. Collings' departure follows the poor fiscal year 1981 report of the company (\$3 million loss on \$118 million sales) and a worse first quarter of fiscal year 1982 (\$2.4 million loss on \$24 million sales).

Pressure is building....

....on Giant Foods to restore item-pricing (SCAN Aug 81; Jun 81; May 81). A Howard County (Baltimore, MD) Consumer Affairs Advisory Board is threatening to seek legislation to require item-pricing, but the company is resisting. The dispute seems to be revolving around whether Giant is passing along their savings to consumers in the form of lower prices, and also the number of errors customers are experiencing in scanning stores.

Giant is refusing to divulge its figures on savings -- but has estimated its error rate at .0015%. (That works out to 15 errors per million transactions, and does not jibe with their statement that they had 39 complaints out of a total 25 million scanned items.) In any case Giant says they have no intention of replacing item prices on the product. This, plus their price reduction program, has resulted in a 15% sales increase in their stores (along with, unfortunately, a severe drop in profits).

There is now an important addition....

....to the industry's literature of reference books and publications devoted to the underlying principles of bar code scanning and its applications. A new report titled "Contemporary Applications Of Optical Bar Code Technology", by Walter Banks, Carl Helmers and Ralph Trueblood, has just been published by North American Technology.

The stated purpose of this report (over 200 pages) is to "provide a package of history, theory, and practical programming sufficient to give an applications programmer, development engineer or product design specialist an understanding of the technology." In addition to the basic document, there are 282 pages of program listings to illustrate this theory with a set of modules and example programs. This additional section is designed as a tutorial device to assure the widest possible use on any small computer.

The goal of the authors is to provide a complete summary of the present state of bar coding technology and small computers. It includes engineering data about the technique, plus detailed references to available literature and manufacturers of equipment.

A sampling of the Table of Contents includes: ● A Historical Perspective ● Bar Code System Fundamentals ● Bar Code System Design ● Character Formats ● Bar Code System Technology ● Applications: Software Publication, Repetitive Business Problems, Consumer Electronics ● The Software Of Bar Code Applications ● Bibliography ● Contacts and Organizations

The cost of the report is \$500. North American Technology, Inc., 174 Concord Street, Peterborough, NH 03458; 603/924-6048.

Data Composition is no longer....

...a division of the Arcata Corporation. On September 21, 1981, a group of employees, headed by Richard A. McDonald, President, purchased the company for undisclosed terms. McDonald stated "As an independent company we will be in a position to be more responsive to our traditional market of telephone company directories and data based photocomposition and printing services. In addition,

DCI will continue to develop emerging markets for optical scanning products and services."

Data Composition makes bar coded labels and personnel identification cards which are used in computerized activity tracking systems such as libraries (SCAN Jun 80).

Data Composition, Inc., 75 Townsend Street, San Francisco, CA 94107; 800/227-3432.

Photographic Sciences has issued....

....its first annual report as a public company. The report contains no surprises since almost all the information for the year ended June 30, 1981 was previously reported in its public offering prospectus. Sales were \$3.3 million, down from its previous year of \$4.4 million. The company reported a net loss for the year of \$460,973, attributable to the discontinance (in September 1980) of sales of bar code verification equipment manufactured by RJS Enterprises. Prior year profits were \$22,049.

In an amplification of the acquisition of Tapecon (SCAN Sep 81), John Blackert, Chairman, told us that no funds from the public offering will be used for this venture. Blackert's firm position is that the monies raised when PSC went public will be used only "as specified in the prospectus"; i.e., to expand manufacturing capabilities and marketing staff, and as working capital. All acquisitions to be made or considered by the company must be "financeable on their own".

PSC also announced that W. John Bennett, Jr., of the Montreal office of McLeod Young Weir, Ltd., was elected a new director of the company. McLeod Young Weir is a securities firm that participated in the company's public offering.

In a hard-hitting....

....no-nonsense article in the September 1981 CPDA News, George Wright blasted the magazine publishers for the UPC coding errors on their covers. Wright emphasized the disastrous effects that incorrectly coded covers have on sales and the processing of returns. He reported that many wholesalers are refusing to handle the distribution of publications incorrectly coded because of resultant errors in credits and claims to the retailers and publishers.

He attributes the errors to a number of factors, including incorrect or duplicate codes, "doctored" symbols (the substitution of human readable from one symbol to another) and the poorly printed non-scanning symbol (usually attributable to poor color contrast).

Magazine wholesalers are now scanning over 80% of all returns. They have become dependent on bar codes and their distribution system will not function without them. Wright wants every publisher to appoint a "Coding Coordinator" and tighten up internal procedures. He finishes with "Today there is no more important piece of 'art' or identification on the cover than the BIPAD number and the UPC symbol".

In a move to support.....

....the introduction of scanning in the retailing of prerecorded records and tapes, the National Association of Recording Merchandisers (NARM) is undertaking a field test. A Record Hunter Store in the New York Metropolitan area will be equipped with Symbol Technologies' scanners, which will interface with the store's installed computer. As part of the test, the retailer will be able to track sales of products on an immediate basis, measure special promotions and maintain inventory records. During the test only those items which have been source-marked by the manufacturers will be scanned.

More and more manufacturers of prerecorded music, including almost all of the majors, are committed to source-marking the symbol on their products. NARM hopes to be able to use the results to convince retailers of the value of the system and to provide real data to support its position.

Craig Harmon has left....

....Norand Corporation and set up his own consulting company. Harmon plans to concentrate his services in areas related to bar code scanning and symbology. He will specialize in systems' design and applications and has already undertaken market surveys for a number of clients. Craig Harmon, Q.E.D. Systems, Inc., 1616 Maplewood Drive Northeast, Cedar Rapids, IA 52402; 319/364-4384 or 901/794-3504.

A seminar on packaging....

....conducted by Michigan State University's Packaging Alumni Association, will feature presentations on bar coding in industry, including UPC, case code and other areas of application. Chuck Furedy, Southern Regional Sales Manager for Symbol Technologies, will make the presentations at the University Club in East Lansing, MI, on October 15-16. Contact: Michigan State University, School of Packaging, East Lansing, MI 48824; 517/355-9580.

The Uniform Product Code Council....

....recently published its revised UPC Guidelines Manual incorporating all revisions made through May 1981. Some of the more significant changes and additions include Guidelines 6 and 10 which cover expanded procedures for the assignment of UPC case codes; and Guideline 11 describing the format for variable-weight items. Copies are available at \$30.00/each from UPCC, 7051 Corporate Way, Dayton, OH 45459; 513/435-3870.

Printronic has announced....

....its Taskmaster MVP2 printer with variable speed and dot density capabilities. This compact desk-top printer offers various features including bar codes and OCR printing.