



newsletter

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A review of the 1981 UPC scanning installations....

....is interesting but not very surprising:

UPC SCANNING SCOREBOARD 1981

	Total 12/30/80		Installed 1981		Total 12/31/81	
	#	%	#	%	#	%
NCR	1192	38.4	673	37.8	1865	38.1
IBM	929	29.8	327	18.3	1256	25.7
Datachecker	621	20.0	497	27.9	1118	22.9
DTS	174	5.6	175	9.8	349	7.1
Sweda	185	6.0	98	5.5	283	5.8
Berkel	7	.2	12	.7	19	.4
Total	3108	100.0	1782	100.0	*4890	100.0

*Includes 208 stores in Canada.

Some random notes on the 1981 performance:

Total installations

At 1782 new scanning stores, the year's activity fell just about where we predicted (SCAN Mar 81), and somewhat better than many expected, as the recession deepened. Although the total fell short of the sexy 5,000 mark, this has probably been achieved as we are writing this analysis.

Market Share

NCR has retained their market share with amazing consistency for the past few years. What IBM is losing, Datachecker seems to be gaining. If both companies continue at their current pace, Datachecker will be sitting solidly in the No. 2 spot by the end of 1982. Although Data Terminal Systems has replaced Sweda as No. 4 in installations, it should be recognized that a large portion of the DTS stores have fewer checkouts than the other companies on the list.

All in all, we can characterize the year's performance as unremarkable, with no real surprises. The real story is not in the gross numbers of installations, but rather in the individual successes of those stores which have installed scanning, and are using the new technology to improve company profits and performance.

Some of the latest financial reports....

....from companies in the industry reflect a mixed bag. Interface Mechanisms reported lower sales and profits for the third quarter and for the first nine months of fiscal year 1982 (ended 12/31/81):

INTERFACE MECHANISMS

	Third Quarter		First Nine Months	
	1981	1980	1981	1980
Revenues	\$3,322	\$4,087	\$10,819	\$10,949
Income before taxes	125	773	827	1,941
Net income	90	443	502	1,111
Earnings per share	.04	.23	.23	.57

(All in \$000 except earnings per share)

President David Allais comments: "Results to date reflect this year's difficulty in wringing out profits in the face of a national recession. Management has taken action to further reduce operating expenses in the fourth quarter while maintaining vital new product development and aggressive marketing programs".

Symbol Technologies ended their first quarter (11/30/81) for fiscal year '82 with increased sales and operating losses (all in \$000):

SYMBOL TECHNOLOGIES, INC.

	Three months ended	
	11/30/81	11/30/80
Sales	\$810	\$733
(Loss) From Operations	(196)	(32)
Net Interest Income	60	63
Net Income (Loss)	(136)	31

President Jerome Swartz reported that "increases in other operating expenses are due primarily to the cost of higher marketing, sales and administrative expenses incurred to promote a higher level of business. The company anticipates improved sales as a result of these expenditures." During the last quarter the company reported a four-fold increase in Laserscan sales with a decline in the sale of Lasercheck products. The company also announced the appointment of two new Directors: Dr. Fred Heiman, Chief Scientist of Mars Money Systems; and Barry Zukerman, Director of HCI Holding, Ltd., and President of Elliot and Page, Ltd.

And finally, MSI declared its 20th consecutive quarterly cash dividend, while reporting total revenues down about 7% to \$13,195,000 for the quarter ended 12/26/81. MSI reported that profits were up for the quarter in spite of reduced sales, and that the improved profit margins reflect manufacturing cost reductions and an adjustment of the effective tax rates. Sales of hand-held portable data entry systems were "impacted by sluggish economic and market conditions in the US" according to MSI President David Brosnan. Nine months' operations for the company show revenues of \$41.0 million, up from \$39.8 million a year ago. Net income for the same period rose 32% to \$3.3 million.

It's tough making a buck these days!

In a move to strengthen....

....its marketing and management effectiveness, Photographic Sciences has re-structured its senior management group. John Blackert has relinquished his position as Chairman of the Board and Chief Executive Officer and has become President of the company, reporting directly to the Board. He will retain the responsibilities for technical developments, production and administration. John Hickman, who has been a member of the Board since January 1981, has taken over as Chairman, and will assume full-time responsibility for the company's strategic and market developments. There is no designated Chief Executive Officer.

Photographic Sciences also announced the introduction of the Quick-Check printer designed to be used with the company's Quick-Check Bar Code Reader. The unit is a thermographic dot matrix printer, which will print out the type of code, magnification, symbol decode, and diagnostic quality. Both the reader and printer operate from a self-contained 12 volt battery. The Quick-Check Reader and printer combined sell for \$1495. Previous readers sold can be retrofitted, to include the printer, for \$790. Photographic Sciences, 770 Basket Road, Webster, NY 14580; 716/265-1600.

We do not have space....

....for the complete reply from VP Jill Mandeno of KPG to our article on Telepen (SCAN Jan 82). But we do consider it a well documented response to the comments by David Allais (Intermec) and Ted Williams (Computer Identics). Some highlights:

- Telepen was developed 10 years ago and is not a newcomer.
- Security or code integrity is insured for each character and for the entire character string.
- Allais/Intermec's challenge on the basis of constant number of bars and spaces per character, self-checking of each character, discrete structure, and code density are specifically refuted.
- KPG is following in "American tradition of innovation" with new products that are not disrupting the market. Telepen "fulfills an unfulfilled need."

Part of KPG's presentation to the US market is a favorable report by Ford Motor (UK) and British Leyland which evaluated the available bar codes for use in the UK automotive industry. The report (July 1981) concluded that, aside from reservations about its patented, proprietary status, "Telepen code is superior to Code 39 in many instances and at least equal in all other instances". It was this report that attracted the attention of the US auto industry looking at machine-readable codes -- and KPG/Telepen is actively pursuing that opportunity.

Very quietly, but very significantly,....

....the separate paths taken by supermarkets and department stores toward machine-readable codes, are beginning to merge. This is occurring somewhat

naturally, because of the large number of "crossover" products that have been UPC source-marked, and are now found on the shelves of many retailers other than supermarkets. One result is the move by discount chains to install trial scanning systems based on the UPC symbol.

Comment

This was the subject of one of the National Retail Merchants Association seminars held on January 11 in New York at their annual convention. The inclusion of UPC on an NRMA agenda is a significant happening of itself, and suggests the extent to which member companies are considering bar code scanning.

The UPC symbol and bar code scanning are slowly backing into other large retail groups and we expect this trend will continue. OCR scanning in department stores has not been a roaring success. The cost of the scanners has not come down as anticipated; printing of OCR is more critical than expected; general poor performance at the front-end has discouraged both the cashiers and management. As the costs of computer capacity and bar code wand scanners do come down, this market should open up even wider. Just now it may need some system smarts to show retailers how they can handle the special problems of large data files, rapid price changes and the perceived need for in-store marking. The stakes and potential rewards are enormous. This is another instance where we believe the initiative should come from our industry, and not solely from the users.

Reconciliation of the needs....

....of the diverse user groups is getting a wee bit closer, but the UPC Case Code is not yet a reality. The selection of the preferred bar code -- interleaved 2 of 5 -- does not seem to present any problems (except possibly for Germany which is trying to adopt the EAN symbol itself as the case code, against the opposition of most other EAN countries).

It is the number of characters in the code itself that is causing the difficulty. The UPC Board of Governors seems to have agreed on 14 digits, which was thought to be a major step toward conciliation with EAN -- only to have EAN looking at 16 digits. The meat industry says OK to 14 digits -- but wait -- we may really need 18 digits. We know of one company that spent years and millions of dollars attempting to standardize its internal code numbering system, and then abandoned it as impossible because each division's needs were too sacred to change.

Comment

We are still hearing a May 1, 1982 date to resolve all of this. Our major purpose in writing this article is not to reveal any new facts. Rather it is just to keep a bright shiny light on the subject and hope it will help to keep up the pressure to get it resolved.

The Article Number Association....

....(the UK/EAN affiliate) has announced its plans for the 1982 Conference to be held on March 22-23 at the Wembley Conference Centre in London. This is

the fifth such event to be held by the ANA, and for the first time there will be exhibits of equipment and services in addition to the comprehensive program.

Jeremy Grindle, Chairman of ANA, emphasizes that the two day multi-session Conference "will offer a comprehensive view of ANA developments and activities, EPOS systems and the future of article numbering". In addition to the major event in London, ANA plans to re-stage major elements of the Conference in three regional seminars in Bristol, Manchester and Edinburgh later this year. The London Conference will cost £50 per day, £75 for the full two days.

The ANA is very optimistic about the growth of retail scanning in the UK. It estimates that almost 70% of all food items sold are now bar coded; points out that EAN symbols are spreading into non-food merchandise; and forecasts 40 scanning stores in operation by the end of 1982.

ANA has also recently made some significant decisions with regard to coding and symbols on shipping containers. The outer case code will consist of 13 significant digits, configured exactly as the code on the consumer unit of sale. No symbology has been finalized as yet, which may change the actual number of digits encoded. Suppliers will be "encouraged" to pack each consumer item in only one shipping quantity for each destination. In other words you will ship your cans of peas 24 to the case (or whatever quantity you select) and no other way.

Contact: ANA Conference Organiser, Communications Strategy Ltd., 25 Bedford Square, London WC1 England; 01/637-8481.

Electro General wants to know....

....if it is true that their Datamyte portable data entry unit is the only device around that can read and record five different bar codes in random sequence without any change in programming. The unit also boasts some additional features: alphanumeric, up to 64K memory, built-in clock, editing, user programmable, prompts, and computer down loading.

The price of the unit ranges from \$1890 to \$3290 depending on model and memory capacity selected. Electro General Corporation, 14960 Industrial Road, Minnetonka, MN 55343; 612/935-7704.

The use of the UPC symbol....

....in trade advertising often takes some interesting and innovative forms:

Life Magazine, which had been using strong recognizable industry symbols in its promotions to new advertisers, went to the UPC symbol as a natural for an appeal for supermarkets. The two-page spread of a red and white bar code (tsk-tsk -- it won't scan) was an attention-grabber and effective.

Blistex Inc. is running its trade ads for its premier product, Blistik, by trumpeting: "We Scan. They Can't". We haven't discovered who "they" is, but it's the principle that counts.

And now Monarch Marking, in an effort to sell more price labels and labelers to supermarkets, is pushing the UPC symbol with item pricing to avoid consumer

doubts in scanning stores. "Without item pricing they can't (check the price) -- and that will shake their confidence in you" the ad states. We wonder whether retailers are ready for that message.

Weber Marking Systems has announced....

....the addition of four new models to its line of Legitronic Label Printing Systems. The models 1550, 1560, 2050 and 2060 labeling systems are designed to produce labels in a wide variety of configurations. All include bar code and OCR capability with additional features, depending on model, such as dot matrix printing, ability to design, change, store and print in any customized format; and memory for storing all label information.

Prices start at \$9,000. Weber Marking Systems, 711 West Algonquin Road, Arlington Heights, IL 60005; 312/364-8500.

Did you see the full-page Casio ad....

....in Life Magazine (Feb. 82); and did it grab you? This is the one showing a "Casiotone 701 Keyboard" with a scanning wand attached, and backed up with a sheet of bar codes -- not music.

This is part of a series of new developments in electronic musical instruments. Preprogrammed information can now be entered to play background rhythm, chords or even the entire song. And the newest method employed to enter the data is via bar codes and scanning wands. The manufacturer claims these new methods will not only increase your musical enjoyment, but it will help teach you to play the instrument. It sounds marvelous and innovative. Remember the old player pianos....?

Anyone bored aboard a recent....

...TWA trip, might have picked up the Ambassador Magazine from the seat pocket and read an article titled "Stripes -- Breaking the Universal Product Code". The writer tried so hard to be clever. Some excerpts, referring to the UPC symbol:

"It could be a postage stamp from Alpha Centaur...look on it, checkout clerks, and tremble...tremble too consumers, misused it can cost even more...it uses the most awesome weapon in Buck Rogers arsenal, the laser... a mind-boggling prodigy of high technology, yet so simple, a functional illiterate can operate it...the UPC heiroglyph...think of it as a cousin to the Morse Code...a low-powered laser flits across the marking with hummingbird speed...at \$125,000...going after a fairly small problem with a big stick...it boosts productivity and efficiency, or, from another point-of-view, destroys jobs...products without prices, you gasp...UPC paves the way for marketing techniques whose social implications would make George Orwell sound unimaginitive...turning entire cities into microcosmic market research laboratories".

Sheer poetry!