



# newsletter

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

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## INTERNATIONAL EDITION

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### The official UK view on point-of-sale scanning....

....and shelf edge pricing was given in a recent report, Microelectronics and Retailing. A few quotes, straight from the report, prepared by a working party of the Office of Fair Trading (OFT) and its Director General:

- "(The working party) accepts that item price removal is an important part of the cost benefits to retailers. It believes it is essential that where item price marking is discontinued, it is replaced by shelf marking of a high standard."
- "Self regulation can be developed where necessary, and the existing legislation -- drafted for the most part in a pretechnological era -- remains generally adequate for its task."
- "Retailers should take extreme care to prepare their customers for the radical departures in supermarket practice which are involved."
- "I welcome the Article Number Association's initiative in producing guidelines for retailers introducing EPOS systems, and urge all such retailers to adopt them."

The working party felt that competition, combined with the fact that scanner systems are now being introduced into smaller supermarkets, would be sufficient to protect the consumer's interests.

Now look at how the national press treated the OFT report as a news item:

OFT WORRIED OVER NEW ELECTRONIC MARVELS (Headline/The Guardian)

PERILS OF COMPUTER CHECK-OUT (Headline/Daily Mail)

ALL SYSTEMS 'GO' FOR POINT-OF-SALE CHECKOUTS (Headline/Daily Telegraph)

SIR GORDON MADE CLEAR THAT "WELL-INFORMED CONSUMERS AND HEALTHY COMPETITION ARE THE BEST GUARANTEES...." (Abstract/Financial Times)

Some of the press coverage does not do justice to a balanced report. It can be obtained from: Distribution Unit, Office of Fair Trading, Room 600, Chancery House, Chancery Lane, London WC2A 1SP (free of charge in the UK).

It was encouraging to see....

....delegates from major retail, mail order and manufacturing organisations attend the Institute of Management Services' European Conference on New Technology and Productivity in Physical Distribution on 3-5 November 1982 in London. (The IMS is the professional institute of UK industrial engineers.)

A varied conference programme provided something for everyone. Papers covered computer control, high speed sortation, robotics, simulation, user evaluation of material handling systems and the impact on people. There were a number of mentions of scanning and one paper from David Hartell, Engineering Manager, Sandvik Process Systems Ltd. concentrated on scanning installations. Sandvik are the European distributors of Computer Identics equipment.

Hartell's lively presentation covered a bit of bar code theory, plus case studies. The latter included a newly-commissioned system at IBM's production plant at Greenock, Scotland. Because components come in from all over the world, interleaved 2 of 5 bar code labels are permanently attached to slave pallets. Once product details have been entered into the computer control system, the Computer Identics scanners are used at each decision point in the system to log every movement.

Other systems were described, including the Kimberly-Clark warehouse in Kent. Scanners read the product code on outer cases for sortation, and capture data for a real-time inventory control system. The system operates 24 hours a day, 7 days per week. The system has a 'no-read' lane with a capacity of only 15 cases and handles 3,000 cases per hour (that's confidence!).

#### Comment

*The level of executives attending this conference suggests that UK organisations are beginning to take automation in material handling seriously, although at present there are few installations. This would indicate an opportunity for bar code scanning to become an integral part of any automated systems under consideration. The potential in the UK, and elsewhere in Europe, would seem to be very significant.*

Sandvik Process Systems Ltd., Hereward Rise, Halesowen Industrial Park, Halesowen, West Midlands, B62 8AN; UK phone 021-550 7671. For conference papers: Institute of Management Services, 1 Cecil Court, London Road, Enfield, Middlesex, EN2 6DD.

We need to distinguish between....

....the ups and downs of Photographic Sciences Corporation (Webster, NY, USA) and its European operations. Their fates are obviously linked. The parent cannot produce poor operating results, and have a short but chequered history of acquisitions, without something rubbing onto the subsidiaries.

Since the report of the suspension of negotiations for PSC to take over Identicon from Ferranti-Packard (SCAN Oct 82), there has been much speculation in the UK about Photographic Sciences (Bar Code Products) Ltd., its UK subsidiary.

It's worth going back over a little history. PSC established two European operations: Photographic Sciences GmbH, based at Bielefeld, West Germany and

Photographic Sciences (UK) Ltd, based at Castle Donington, England. Both plants installed film master generators. In March this year PSC concluded a deal with the Harland Group and purchased Harland Data Systems Ltd. for \$1.8 m. The size of the HDS operation in Hull made it sensible to re-locate from Castle Donington and transfer film master production to Hull. Over the years, HDS have gained a good reputation for producing computer-generated bar code labels for various applications. The HDS engineers were not satisfied with the film master production operation they inherited, however, and film masters for the UK are now produced by Photographic Sciences GmbH at Bielefeld.

A slightly confusing feature has been the continual introduction of new company names and changes of responsibility. For a relatively small company, the corporate structure is somewhat elaborate:

Photographic Sciences (International): the nominal holding company, with one officer

Photographic Sciences GmbH: the still successful German operation

Photographic Sciences (Bar Code Products) Ltd: the main UK operation

Photographic Sciences (UK) Ltd: around which the European symbology systems business was to be built. As of 5 November 1982, the business ceased to operate.

After some flirtations with hardware/software systems, the UK operation appears to have retrenched to its basic roots. We understand that the original HDS operation has doubled its turnover during the last year, while the turnover from film masters and verifiers is relatively small. Roger Birkin, Marketing Director, feels that by consolidating on the computer-generated bar code business, the UK operation will grow in strength. He also wants to lay a rumour circulating in the UK: all payments from PSC to the Harland Group for the HDS business have been made on schedule (the final payment is not yet due).

A. C. Nielsen's latest published....

....EAN bar code survey (July/Aug 82) of 14 grocery product classes shows a considerable growth in the level of source marking in the 10 countries covered. We show the figures since 1980 to emphasise the considerable change in some countries.

	1980 <u>Jul/Aug</u>	1981 <u>Jan/Feb</u>	1981 <u>Jul/Aug</u>	1982 <u>Jan/Feb</u>	1982 <u>Jul/Aug</u>
Germany	55	66	72	77	82
Belgium	-	20	35	53	68
Great Britain	7	21	30	51*	68
France	20	30	50	57	63
Ireland	-	16	30	43	59
Sweden	9	18	33	45	53
Switzerland	-	-	25	38	44
The Netherlands	-	6	16	29	42
Austria	-	11	15	16	21
Italy	-	-	-	4	7

\*Revision of 'active items' list from this survey

-Indicates less than 1%

Comment

Nielsen provide a valuable service to the industry in making these figures available. The shame of it is that they are limited to 14 grocery categories, common to all countries surveyed, which does not give the entire picture for food. And when it comes to non-food, it's anyone's guess. Over the next few months we will try to publish more comprehensive data. Help if you can.

RHM Foods have been tinkering....

....with the structure of EAN bar codes. Their current promotion for Bisto gravy browning, requires the customer to match a "Moneymaker Sweepstake" number on a leaflet (delivered to consumers' homes) with the European Article Number on the Bisto packet.

First prize, if all 13 digits match is £10,000. It looked as though RHM Food were bending the rules of EAN, but they have been very subtle. All the variation is built into the EAN number printed under the bar code on the leaflet. The retailers' scanning systems are totally unaffected. To our knowledge this is the first time the EAN bar code has featured in a nationwide promotion in the UK.

Comment

RHM got it right and the product remains unaffected. We wonder what the supermarkets think of customers searching through packets of Bisto to find the lucky number when it's really on the leaflet. By the way, we think that the winning number is 50 10024 101572; now all you have to do is find the right leaflet.

The first issue of....

....SCAN Newsletter/INTERNATIONAL EDITION contained two wrong telephone numbers in spite of all the latest technology to transmit the copy (communication satellites, carrier pigeons, and the like). We've now reverted to more conventional transatlantic communications and the correct phone numbers are: Numeric Arts Ltd., UK -- Maidenhead (0628) 39753; Speed Systems (Electronics) Ltd., UK -- 01-878 0328.

Starting with the January 1983 issue....

...the INTERNATIONAL EDITION will only be sent to those SCAN Newsletter subscribers who elect to receive it. The easiest way to do that is to send back the enclosed card. No payment is necessary now. We will bill you for the balance of your subscription year.

We also want to take this opportunity to solicit information about news, products, and applications related to bar code scanning in Europe, Asia and Australia. Send this material directly to Editor Paul Chartier at the address below.

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