



newsletter

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

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A useful list of organisations....

....who market scanner-related equipment or film masters has been prepared by the International Article Numbering Association EAN. Under seven headings the list provides names, addresses and phone numbers in 18 countries:

<u>Equipment or Service</u>	<u>Total Organisations</u>
EAN/UPC film masters	80
Bar code printers	49
Combined scales-bar code printers	21
Industrial scanners	13
Checkout reading equipment	105
Portable terminals	26
Verifiers	33

Congratulations to Etienne Bonnet, Secretary General, and his staff for preparing the list. This service could prove helpful to retailers and manufacturers, as well as to suppliers trying to reach this developing market. There are some errors and some notable omissions and M. Bonnet admits, "We certainly do not pretend to present a complete catalogue of all equipment presently on the market."

The EAN Secretariat would welcome updates from any supplier in the EAN or UPC domain. To obtain a copy: International Article Numbering Association EAN, rue due Colonies 54, Bte 8, 1000 Bruxelles, Belgium.

For many years, Italy was the....

....Cinderella of the EAN movement. With source-marking still at the low level of 5%, and no significant industry effort to promote it, there was little hope of a surge in the number of scanning stores. Italy was one of the earliest EAN countries to have scanning stores up and running, and those supermarkets which are scanning have supported it with massive in-store labeling programmes. But suddenly it looks as if the glass slipper may have been found.

A bill is working its way through the Italian legislature to require retailers with a turnover of L200m (\$135,000) to install, by July, sealed cash registers with an electronic tape to record sales transactions. The intention is to

tighten up on tax evasion. But handled properly it could provide a bigger boost to technological development than decimalisation did for the UK 10 years ago. By 1987, when the proposed law's threshold drops to L12M (\$8,000), about one million retailers could be swept in the net. Scanning could provide the most direct and complete method for the recording of all transactions.

The Italians may have a new twist to the chicken and egg situation for scanning. They may have established the store base as a stimulus to the growth in source marking.

The number of retail scanning installations....

....continues to increase in the EAN countries, albeit gradually and unevenly. The recent EAN Newsletter provides the latest known, but not necessarily current, figures on installations throughout the 18 member countries. A comparison with last year's data is informative:

Country	Scanning Stores As Of		Items
	Sep 81	Oct 82	Source-Marked Oct 82
Japan	37	120	5%
Germany	38	63	82%
Belgium	1	30	58%
The Netherlands	3	28	42%
UK & Ireland	9	27	68%
Sweden	11	25	50%
France	11	20	60%+
Switzerland	9	11	44%
Italy	10	7	5%
Australia	3	5	60%
Austria	3	4	20%
Norway	2	1	-
Spain	-	1	-
Denmark	-	-	325 items
New Zealand	-	-	100 items
Finland	-	-	-
South Africa	-	-	-
Yugoslavia	-	-	-
	<u>137</u>	<u>342</u>	

(Because the data had been collected on different bases over the two periods, there are some anomalies.)

The most remarkable growth has been achieved by the Japanese retailers, although it is known that many of the scanning stores are small with few checkout lanes. In view of the large number of automated Japanese stores, the low percentage of reported source-marked items may warrant investigation. There has also been a considerable, and quite significant, increase in the low countries.

Making no allowances for different population sizes, retailing structures, number of checkouts per store, and the different start up points of the EAN coding authorities -- all too mind boggling to factor in -- a sample comparison may be drawn: EAN is currently running about 4 years behind the UPC scanner programme (US and Canada). The EAN total of 342 installations compares with the mid-1978 score of UPC scanner installations. Last year's figures compare with the UPC figures for mid-1977.

What some pundits fail to appreciate in checking these figures, is that, because of the diverse nature of the different national systems, EAN requires relatively more trials than the US supermarket sector. The picture for America in mid-1978 showed that seven chains were into double figures for scanning stores, which accounted for over one-third of the total installed base.

The real test for the growth of scanning is the installation of systems beyond the initial trial stores. This is already happening in various countries. Albert Heijn (The Netherlands), Nada Co-op (Japan), Nopri (Belgium), Tengelmann (Germany) and Tesco (UK) have moved to this phase. Some EAN countries may be reaching the threshold when the technology begins to proliferate at a more rapid rate.

The percentage figures for source-marked items reported by the different countries are remarkably, and suspiciously, like those published bi-monthly by A C Nielsen (SCAN I/E, Dec 82). It may show the trust put into the Nielsen data, but it also indicates the problems of obtaining hard data on source-marking.

The potential for electronic point of sale....

....systems in Europe has been assessed by Frost and Sullivan. Their recently published market study is not limited to EAN based systems and shows that only 4% of cash terminals can be defined as EPOS terminals. By 1987, they estimate that the number of terminals will rise from 93,000 to 207,000. The next five years should see more installations than the previous 13. The greatest growth is predicted in the food sector where 28% of all checkouts will be scanner based. Another significant area for growth will come from non-food multiples.

More details from Frost & Sullivan Ltd, 104-112 Marylebone Lane, London W1M 5FU, England; UK phone 01-486 0334.

In some retail sectors....

....it is possible to use more than one measure of the level of bar code penetration. Transaction throughput at the checkout is useful for staple products, because it shows the steady increase of source-marking. For other industries, the short-term fashion element is equally important; for example, for records, video and books.

The titles on the mid-December Booksellers' Bestsellers list in the UK (as published by The Bookseller) have been analysed to check the progress of machine readable codes on UK books. Five of the top 10 paperbacks carry the special symbol. The results would have been considerably improved but leading paperback publishers Penguin, Pan and Arrow are still reluctant to start their programmes. The Booksellers Association of the UK and Ireland (who have no links with "The Bookseller" publication) plan to monitor the situation from now onwards. This may sufficiently embarrass those dragging their feet to get moving.

Unlike the situation in America, the symbols are not just appearing on mass market paperbacks. They also appear on educational paperbacks, hardback books and children's books. Ironically the best selling paperback in the survey is published by Pan and so does not carry a symbol; but the best selling hardback "The Guinness Book of Records" does. So did last year's edition.

The machine-readable code being adopted in the UK integrates two numbering systems and provides two scanning techniques. The International Standard Book Number is directly machine readable in OCR-A. The ISBN is linked to the EAN code as follows: prefix 978, ISBN without its check digit (because it cannot be incorporated within the EAN), and lastly the EAN check digit. Retailers and publishers can get straight back to the ISBN every time the EAN bar code is scanned. This is considered important for an industry which keeps a quarter of a million different titles in print at any time, with 40,000 new entries each year.

Retail scanning is still at an early stage. W H Smith has one store scanning the EAN bar code. Other booksellers are using OCR-A; for the time being, some say.

Elsewhere in the world different approaches have been taken to the machine-readable coding of books. Many are variations of the UK system. The Australian and New Zealand industries have expressed interest in adopting standards similar to the UK. Continental European countries are using OCR-B, instead of OCR-A, combined with the EAN bar code. The Japanese came late to the ISBN system, but currently 40% of all new books are machine readable in OCR-B. The Japanese Publishers Association is actively considering linking the ISBN to the EAN bar code.

Linking the ISBN to the EAN is a fine example of what could be called "cross-over technology" and not just an approach to cross-over brands. Each book carries two machine-readable symbols. Unlike the case with US paperbacks, OCR-A was not added by the industry as an afterthought. Nor are bar codes excluded from certain types of books, as happens with American hardbacks. Users are given a choice and by preserving the links to the ISBN, EAN users can have access to established multi-million dollar data bases.

One Swedish company is very....

....optimistic about the future of bar coding. Optical Scanning Scandinavia AB, who also use the trading name of Optiscan, have recently despatched 20,000 brochures promoting their film master and product distribution business. Arne Heine tells us that he is pleased with the response claiming "the first market survey of the Swedish status of bar coding".

Optiscan represent a number of American and UK businesses. In case you missed their brochure, their address is: Optical Scanning Scandinavia AB, Riddargatan 23, Box 14024, S-10440 Stockholm, Sweden; Swedish phone 8-63 08 80.

Ecupan has announced the opening....

....of a UK office to market its bar code printing equipment. The plan of Clive Holt, Managing Director, is to concentrate on marketing the Ecupan Flexiprinter thermal bar code printer. This can produce various bar codes including EAN. As the device has a Z80 microprocessor, it allows the user considerable flexibility in organising label production. Ecupan AB started to ship the printer to the USA in September. Price for one off end user is £2,380. Ecupan Ltd, PO Box 40, Hertford, SG13 7HE, England; UK phone (0992) 552426. Ecupan AB, Smidesvägen 11, 24500 Staffanstorp, Sweden; Swedish phone 046/25 78 80.