



# newsletter

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

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### Considerable progress in retail scanning....

....throughout the world has been reported by the International Article Numbering Association EAN, as of Jan 83. First, a summary of the very detailed information provided, together with comparative figures of a year ago:

|                | <u>Scanning Stores</u> |               | <u>Mfr. Numbers Allocated</u> |               |
|----------------|------------------------|---------------|-------------------------------|---------------|
|                | <u>Jan 82</u>          | <u>Jan 83</u> | <u>Jan 82</u>                 | <u>Jan 83</u> |
| Japan          | 67                     | 914           | 187                           | 1,434         |
| Germany        | 48                     | 69            | 5,172                         | 6,045         |
| Netherlands    | 5                      | 51            | 358                           | 570           |
| France         | 14                     | 49            | 1,310                         | 1,500         |
| United Kingdom | 10                     | 42            | 1,138                         | 1,564         |
| Belgium        | 7                      | 41            | 352*                          | 498*          |
| Sweden         | 17                     | 20            | 235                           | 346           |
| Australia      | 4                      | 15            | 584                           | 766           |
| Switzerland    | 11                     | 12            | 305                           | 385           |
| Luxembourg     | 3                      | 12            | *                             | *             |
| Austria        | 3                      | 8             | 413                           | 577           |
| Italy          | 7                      | 7             | 158                           | 546           |
| Spain          | -                      | 2             | 22                            | 154           |
| Norway         | 1                      | 1             | 49                            | 85            |
| Denmark        | -                      | -             | 115                           | 183           |
| New Zealand    | -                      | -             | 35                            | 172           |
| Finland        | -                      | -             | 29                            | 82            |
| Yugoslavia     | -                      | -             | -                             | 4             |
| South Africa   | -                      | -             | -                             | -             |
| Total          | 197                    | 1,243         | 10,462                        | 14,911        |

\*The figures for Belgium and the Grand Duchy of Luxembourg are combined.

Including Japan's astonishing leap in installations (SCAN/IE Apr 83) there has been a sixfold increase in the number of scanning stores in a year. Even without Japan's figures, the growth is over 250%. The international growth in manufacturer numbers assigned over the year was 42%. This is significant because many products move freely between EAN countries and can contribute to the increased presence of source-marked products in all countries.

Market share information, among the 23 companies supplying scanning equipment, is well worth a look. We only isolate those manufacturers with more than 1%

market share. Although somewhat incomplete due to sporadic reporting, particularly with regard to the number of checkouts, these data provide reasonable benchmarks for estimating market growth:

|                   | <u>Stores</u> |          | <u>Checkouts</u> |          | <u>Average</u>                       |
|-------------------|---------------|----------|------------------|----------|--------------------------------------|
|                   | <u>#</u>      | <u>%</u> | <u>#</u>         | <u>%</u> | <u>Checkouts per</u><br><u>Store</u> |
| Tokyo Electric    | 795           | 64.0     | 1,684            | 41.5     | 2.1                                  |
| NCR               | 120           | 9.7      | 828              | 20.4     | 7.1                                  |
| DTS               | 90            | 7.2      | 395              | 9.7      | 4.8                                  |
| IBM               | 82            | 6.6      | 570*             | 14.0*    | 9.0*                                 |
| Casio             | 19            | 1.5      | 31               | 0.8      | 1.6                                  |
| Nixdorf           | 16            | 1.3      | 110              | 2.7      | 6.9                                  |
| Sweda             | 14            | 1.1      | 81               | 2.0      | 6.2                                  |
| Prodata           | 13            | 1.0      | 59               | 1.5      | 4.5                                  |
| Others (15 firms) | 60            | 5.0      | 191*             | 4.7*     | 5.2*                                 |
| No equipt data    | 34            | 2.6      | 112*             | 2.7*     | 3.3*                                 |
| Total             | 1,243         | 100.0    | 4,061            | 100.0    | 3.3                                  |

\*Estimated

### The Israelis seem set....

....to go their own way with source marking. Although Israel is not yet formally involved within the EAN network, work has been going on to develop national standards. The committee looking into these has decided, we understand, to develop EAN-like standards for national use. These are the details:

- Consideration is being given to use only the EAN-8 symbol and always at 100% magnification, irrespective of the printing conditions.
- All products would carry a centrally assigned code; no unique identification of the manufacturer would be included. This Israeli national code would be from the series reserved by the EAN Association exclusively for in-store use.
- The proposed code will apply to all products. Exported Israeli products might have bar codes which duplicate numbers already in use by a foreign retailer.

#### Comment

*As long as the Israeli bar codes do not get exported, they may not cause a problem in the international market place. An argument put forward is that packaging for domestic consumption, all in Hebrew, is rarely exported and thus problems will not exist. But something may escape and these bar codes could cause confusion. Ultimately, it may require those manufacturers who do produce bi-lingual packages, some of which are exported, to carry double inventories.*

*The Israeli group may also be causing problems for the printing industry by adopting a uniform 100% size symbol. There are some surfaces and printing presses which will need more size flexibility to accommodate allowable scanning tolerances.*

*It is a bit difficult to understand why so much effort is being expended to tamper with a system which has international acceptance and which has worked reasonably well for 10 years.*

The General Assembly of EAN,....

....which meets in Zurich on 27 May, has three major items on the agenda: outer case coding (SCAN/IE Apr 83); admission policy for new members and 'world structure' of the Association; and general merchandise. We shall bring reports on these topics early in the summer. Each is of major significance.

Comment

*Behind the innocuous sounding 'general merchandise' may hang the greatest potential growth in consumer product bar coding. Some of the discussions which have been taking place over recent months suggest that the International Article Numbering Association may be about to launch its most ambitious long term expansion programme. It will take some considerable effort but the optimists think that the end result will be that almost all consumer products will fall under the influence of the EAN system.*

*If this optimism is to be turned into achievement, lots of effort will be required. But if it is, you can forget about anything except UPC/EAN bar coding for branded consumer goods. OCR may wither, other bar codes may wilt. We shall watch the developments with interest.*

One of the problems....

....facing new member countries of the International Article Numbering Association EAN is the restriction imposed by the 3-digit flag code prefix. From May 1982, the EAN Association started to conserve its stock of numbers by issuing 3-digit prefixes to new members. There were 40 2-digit prefixes left, after making allowances to avoid any overlap with the Distribution Codes Institute (SCAN Oct 82). With about 150 potential member countries, the choice was to group countries together or alter the rules for prefix allocation.

South Africa and Yugoslavia were the first countries to join under the new rules and there doesn't seem to be any problem with the EAN-13 number. To quote Bob Pearcey, Executive Director, South African Numbering Association, "The problems of the 3-digit country prefix codes arise when it comes to the EAN-8 short code". Three digits for the country prefix, plus one for the check digit, leaves four digits of the EAN-8 number to uniquely identify the product. The classic manufacturer/item structure can be restrictive for these precious few numbers. Alternatively all EAN-8 numbers can be centrally assigned, which ensures that 9999 products per country can be so coded. Such procedures already exist among earlier member countries to avoid wasteful use of short codes.

What some find galling is the number of 2-digit prefixes that were issued to some countries: France (8 prefixes), Germany (4), Italy (4) and Austria (2). Also some manufacturers blatantly ignored the rules and applied short codes to large products where the EAN-13 symbol would have been more suitable. To balance the argument, 10,000 EAN-8 symbols for small products can be sufficient if carefully controlled and allocated in some of the smaller nations.

From the ashes of what....

....was Photographic Sciences' UK operation, a new phoenix arises. Typical of this saga, there are even more twists and turns than we expected.

Let's go back a month or so. The Receiver considered three 'short list' bids from: a leading UK printing organisation; a management buy out, backed by North American organisations; and Computype Inc of St. Paul, Minnesota, USA. The Computype bid was the highest and they obtained the assets.

Buck Roach, President of Computype, had asked us to hold back publishing the details last month. Delicate negotiations were still taking place with Data Documents Systems (Lenexa, Kansas, USA), who own the licence to the software used by the Harland/Photo Sciences UK operation. In the end, Computype and Data Documents were not able to strike a deal. Computype was left with the plant and equipment, but no licence. So it wisely turned and offered to sell a major portion of the assets to one of the other bidders.

Agreement was reached on 15 April and a new business, Image Data Systems Ltd, was up and running immediately. IDS turns out to be a joint venture of Roger Birkin, Ray Birch and Davis & Henderson of Toronto, Canada. Birkin and Birch together own 50% of the new company; Davis & Henderson own the other half. David & Henderson hold the Canadian franchise to Data Documents Systems bar code generating procedure, so they were obviously acceptable as a DDS licensee. Both Birkin (Managing Director, IDS) and Birch (Operations Director) have had a long association with the business, dating back to the days of Harland Data Systems, right up to the present as directors of Photo Sciences/UK.

What has Computype got for its effort? Computype retained a small part of the assets involved, with the capability to run sequential bar code labels for the blood banks. This is a major portion of Computype's US business. The company plans to expand into a similar European market, using the equipment just obtained as part of its production facility. Noone has revealed the purchase and sales prices involved in the two transactions, so we have not learned exactly who paid how much to whom for what.

As part of the hive down operation, the Receiver declared all personnel redundant on 31 March. A number were subsequently re-employed by Image Data Systems Ltd. The business has relocated to new premises and will concentrate on computer-generated bar coded shelf labels. It will also market film masters. Phoenix House, the original site of the operation, will soon be empty and remains the property of Harlands of Hull. There have been other casualties and some other new businesses have emerged. We'll cover these over the next few months.

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#### Details of EPOS 83....

....to be held in London's Royal Lancaster Hotel (20-23 September), are beginning to emerge. There will be 15 different sessions including: EPOS for beginners, cash and carry operators, independent food retailers and for the smaller non-food retailer; merchandise marking and reading; opportunities in physical distribution; EAN scanning.

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