



newsletter

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

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We can now bring....

....you up-to-date on the market share data of the equipment suppliers to EAN scanning stores. This market share information is associated with the breakdown, by country, of the scanning stores tally we published in April 1984.

Although there is no information available as to the type of equipment installed in 438 stores, there is no reason to believe this data gap would significantly change the ranking of the suppliers. In the table we list only those suppliers with one percent or more market share.

*Estimated	Jan 83		Jan/Feb 84		Jan/Feb 84	
	Stores		Stores		Checkouts	
	#	%	#	%	#	%
Tokyo Electric (TEC)	795	64.0	2046	58.3	4408	35.4
NCR	120	9.7	238	6.8	1663	13.3
IBM	82	6.6	188	5.4	1495*	12.0*
DTS	90	7.2	156	4.4	800*	6.4*
Nixdorf	16	1.3	93	2.6	708	5.7
Sweda	14	1.1	93	2.6	473	3.8
Fujitsu	11	0.9	70	2.0	719	5.8
Omron	-	-	35	1.0	56	0.4
Others (26 firms-1984)	81	6.5	154	4.4	586*	4.7*
No equipment data	34	2.7	438	12.5	1555*	12.5*
TOTAL	1243	100.0	3511	100.0	12463	100.0

Compared with last year's status report (SCAN/IE May 83), there has been a 182% growth in scanning stores (1243 to 3511) and a 207% increase in the number of checkouts (4061 to 12463). The average number of checkouts per store increased slightly: from 3.3 to 3.5.

Casio and Prodata have slipped out of this over one percent league, and have been replaced by Fujitsu and Omron. In all, there are now 34 firms, with at least one store installation (23 in Jan 1983). In these relatively early days, it should be noted that one or two contracts with major retail chains can swing the pendulum in favour of an equipment supplier. An example is the TEC contract for the Japanese Seven Eleven chain which alone accounts for 56.7% of all EAN scanning stores and 31.9% of all checkouts.

The South African Numbering Association (SAANA)....

....has just completed a successful series of one-day seminars. They were organised by Bob Pearcey, Executive Director, who presented some of the papers. The two main speakers were Mark Marriott, Numeric Arts (UK), and Fred Husi, from Switzerland, representing the International EAN Association. It says something about their professionalism that the show carried on despite the fact that both speakers had all their slides stolen the day before the first seminar. A lot of midnight oil was burnt preparing alternative visuals.

Among the subjects covered were symbols, scanning, printing implications, administration of coding, variable weight coding, outer case coding, standard documentation including electronic exchange, and exchange of market data. Very ambitious! Because all these opportunities now exist within the EAN system, a more recent member like South Africa can tackle them all, taking advantage of the experience in other countries. Among the delegates were manufacturers, retailers, printers and, by special invitation, representatives of consumer bodies.

Other news from South Africa includes details of two more scanning stores bringing the total to five: another Spar Foodliner and the flagship store of the CNA group -- a general merchandise retailer. SAANA is monitoring the supply of film masters and reports that 3,400 products are in the process of being bar coded. This is more than double the figures at the end of 1983.

We may have given....

....a false impression in last month's International Edition about the position of Computype (St. Paul, Minnesota, USA) in the European marketplace. Computype did find its hands tied because of licencing difficulties with Data Documents, after its successful bid for the UK end of Photographic Sciences (SCAN/IE May 83). But it did not pull out of the UK market. After selling off a large portion of the acquired UK assets, the company retained a marketing presence and reorganised as Compu Inc., Limited.

The plans always were to establish a manufacturing facility within the UK to address the European market in the area in which Computype has considerable US experience -- the production of unique sequential bar code labels. Buck Roach, President of Computype, was in the UK in early May officially opening the new 12,000 square foot factory. This is part of £750,000 (\$1 million) investment programme in Compu Inc.

Alan Bateman, Managing Director of Compu Inc., has provided us with some facts about the business: "Production actually started at the end of January using facilities with superior hardware and software to provide unique sequential bar code labels. Since then, business has taken off. In the early autumn, to meet other developments, the number of people employed should expand to 25 from the present level of 16. The budgetted turnover for the new year commencing 1 June 84, is 50% up on this year's results."

Among the plans for this next year is one to diversify from the phonocomposition/label printing business to the direct printing of bar codes on non-traditional surfaces: plastics, vinyls, polyesters and metals.

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It has been....

....nearly a year since we reported on the EAN stance on outer case coding (SCAN/IE Jul 83). The last EAN General Assembly made it clear that there was to be a choice in outer case code systems and that this was likely to vary country by country. The systems are compatible between each other and with the UPC shipping case specification.

Fundamental to the issue is the method of numbering the outer case. The choice to be made: whether to use the EAN-13 code -- albeit a different code number than the consumer units packed inside the outer; or the Despatch Unit Numbers (DUN-14) -- a 14-digit code directly linked to the EAN-13 code on the consumer unit inside the outer case.

The latest information from the International EAN Association shows how each EAN authority is lining up behind the options available for numbering:

<u>DUN-14</u>	<u>EAN-13</u>	<u>Both Allowed</u>	<u>Undecided</u>
Australia	Austria	Belgium	Czechoslovakia
Denmark	Germany	Netherlands	Hungary
Finland	Italy	Switzerland	Israel
France	United Kingdom		Japan
New Zealand			Norway
South Africa			Yugoslavia
Spain			
Sweden			

When it comes to symbology, the issue becomes more complex. The DUN-14 number must be represented in an ITF-14 (interleaved 2 of 5 symbol). For the EAN-13 number, there is a choice of two symbologies: EAN-13 or ITF-14. Of the four countries who have so far opted solely for the EAN-13 numbering, Italy has chosen ITF-14; Austria and Germany EAN-13; and the United Kingdom allows both symbologies.

And to complicate things a bit further, the DUN-16 number and ITF-16 symbol, thought to be withheld by a "gentleman's agreement", is likely to be adopted for "national exchanges only" -- to quote the EAN information -- by France and Belgium.

Comment

Through all this complexity, we have to remember one thing -- although the different national systems are not consistent, they are compatible. An outer case coded in one country can be exported and theoretically handled, without difficulty, by a retailer in another country. (That is unless it is a French/Belgian ITF-16 symbol which escapes into the export market.)

Retailers and wholesalers must remain aware that whatever code and symbol has been selected by their own national EAN coding authority, they must have the capability to handle both symbologies and numbering systems. Equipment suppliers selling to the retail sector have to be prepared to decode both symbologies, keeping in mind that the mixture may change, not just from country to country, but even from retail sector to sector. Will the retailers express a particular bias between symbologies? What happens where EAN-13 symbols are allowable on outers generally, but in specific cases -- e.g., with shrink wrapping -- they have to be avoided so that the consumer

unit symbol and the outer case symbol are not confused? Will there be a compromise between automation and reliable decoding?

These types of issues are of considerable importance to the expansion of scanning back along the distribution chain. One thing is sure: the differences are significant enough to question the long-term potential benefits in some countries. This is a far cry from standardization, the linch-pin for the success of any international system.

Nixdorf Computer AG....

....the family-controlled German computer company, has just released 20% of its shares on the German stock exchange. The company manufactures and operates across a broad spectrum of computing and telecommunications and sees an increasingly growing market in the retail sector. Revenue from the retail sector topped 100 million DM (\$36M) for 1983. Nixdorf developed its own bar code symbology some years ago, but now seems to be concentrating on industry standard symbologies.

Results for 1983 showed turnover up 19% at 2.7 billion DM (\$973M) and net income up 29% at 93 million DM (\$34M). Nixdorf Computer AG is increasing its multi-national activities. On last year's figures, 49% of turnover came from Germany, 38% from the rest of Europe and 10% from the USA. The company operates in 34 countries worldwide and considerable growth is expected in the Asian market.

The company employs 18000 people throughout all its businesses. The stock exchange listing will leave employees with a 7% stake in the business. The business will still be dominated by family and institutional investment, the largest of which is held by Deutsche Bank AG.

Two recent UK articles....

....epitomise the lack of knowledge about bar coding in areas where a better understanding should be expected. In Management Services (May 84), a simple quiz on materials handling assumes ignorance on the part of the readers in the questions about bar coding. The journal provides correct answers and for that is to be praised. Education is a slow and precise process. In contrast, a main feature on retailing in Computer Weekly (10 May 84) has the following headline: "Barcodes are set to be born again as new superstars: John Kavanagh says the rejuvenation of a forgotten method of data entry is ready to make a £600 million comeback."

Comment

"Forgotten", "born again" - why oh why does this form of sub-editing take place? It spoils a reasonably presented article. Both examples highlight a major flaw in our industry. We don't always get a simple message across. Industry and commerce decision makers need to be made aware of the potential of bar coding and not be exposed to the press' razzmatazz style at one extreme, or gloom and doom at the other. Honest facts and information are needed about a thriving and expanding industry. Such communications must start from within the industry itself.