

PRESS RELEASE

GROCERY INDUSTRY SELECTS A STANDARD SYMBOL

This Committee has been considering a Grocery Industry Universal Product Code (product numbering system) and a machine-readable version of that code since August 1970.

HISTORY

In May 1971, we arrived at a recommended code structure consisting of a 10-digit all numeric code and have had nearly unanimous support for it within the grocery and related industries. This code should actually be considered as one member in a family of compatible codes covering a broad spectrum of items which move through grocery and other mass distribution channels. This family includes the National Drug Code, which recently became a mandatory requirement for drug items, the Canadian Grocery Code, and the Distribution Industry codes sponsored by the National Association of Wholesalers. Looking down the road, this code compatibility, if maintained in a standard symbol, will allow a manufacturer to sell his product through many distribution channels without multiple code or symbol marking.

Compatibility with the general merchandise distribution industry has been a major concern to us. Unfortunately, at this time, there is no standard product code in that industry. However, we have accepted the additional requirements of a wandable symbol and an expandable symbol so that if a standard numbering

system were adopted by general merchandise distributors, a form of the grocery symbol could be the starting point for a standard which would extend to this distribution channel as well.

DEVELOPING A SYMBOL DECISION

We purposely decided two years ago to wait until today to reach a conclusion and make a recommendation.

During those two years, our Symbol Selection Subcommittee chaired by Alan Haberman, actively sought the advice and counsel of all interested parties and encouraged equipment suppliers around the world to become involved.

Contributors

We were successful in that effort, in that some of the best minds in the world aided our Symbol Selection Subcommittee in the technical issues surrounding the selection of a standard symbol. Those companies and individuals who submitted symbols for consideration and worked with the Committee deserve special praise:

RCA - who in many ways have pioneered in leading equipment suppliers and the grocery industry into this effort and who have conducted the very successful store test with Kroger which have over a period of more than a year provided basic evidence on the practical workability of these devices and systems. We are extremely grateful to RCA for their courageous and resourceful contributions to our industry.

Charecogn - who unselfishly contributed insights gained over a decade.

Pitney-Bowes/Alpex and IBM - who worked extremely hard to meet all possible requirements.

Scanner Inc. and Dymo - who also moved into successful store tests and Data General who, although a late entry, contributed significantly to the Committee's thinking.

Litton and Zellweger - who conducted a successful store test in Switzerland and who worked to provide the range of capability we need.

Singer Corporation - who developed what may be the next generation scanner in a very short period of time.

NCR - who did not offer a symbol but worked tirelessly with the committee to provide insight and technical support.

In addition, we owe thanks to Norand Corporation, the Anker and Plessey Corporations and Mr. B. Torrey all of whom offered symbols.

Many distributors including cooperative, voluntary and independent organizations also contributed insights, people and funds in an effort to ensure a truly implementable solution.

Finally, grocery manufacturers contributed beyond our expectations. For example, more than 50 companies conducted extensive cost studies to determine the cost of source marking. Some of these studies cost tens of thousands of dollars. Whole industry segments such as the soft drink industry, under the leadership of the National Soft Drink Association, and the brewers, under the U.S. Brewers Association, conducted feasibility studies.

Other trade organizations such as the Pharmaceutical Manufacturers Association, the Proprietary Association, Cosmetics and Toiletries, National Association of Wholesale Druggists, National Association of Chain Drug Stores, Label Manufacturers, Gravure Technical Association, Graphic Arts Technical Foundation, Paperboard Packaging Council, National Flexible Packaging Association and many more not to mention our own sponsoring trade organizations, GMA, NAFC, SMI, NAWGA, CFDA, NARGUS, all contributed significantly.

Technical Support

We are only now beginning to appreciate how big the task really was. Fortunately, our committee had the help of McKinsey & Company, Inc. to coordinate this effort and also some very excellent technical support:

- ¶ Battelle Memorial Institute to run and evaluate the key laboratory tests
- ¶ A panel of experts from MIT to look for technical errors of omission
- ¶ Printing experts from GATF, NFPA, GTA and PPC to advise on printing problems.

The Symbol Subcommittee also had outstanding support from distributor companies, Migros, Acme, El Rancho, Certified of California, Safeway, and Kroger who conducted store tests.

SYMBOL DECISION

We have reviewed the industry economics associated with automation and conclude that net savings in the nature of \$150 million per year are possible by the mid-1970s if a reasonable number of stores choose to purchase scanning systems.

In addition, our Symbol Committee has considered in great detail, the technical feasibility of the whole approach and the merits of each symbol. Questions such as error detection were statistically evaluated, and in many cases, actually tested in laboratory tests conducted by the Battelle Memorial Institute in Columbus, Ohio. Other studies conducted by the Subcommittee involved complex industry systems analyses where tradeoffs of printing accuracy versus the complications and cost of computer hardware were made.

We are assured that the evaluation process was objective, fair and in sufficient depth to have confidence in the recommendation of our subcommittee which we have adopted. Our recommendation to the industry is the adoption of a symbol with the following attributes:

1. Seven data elements or bits per character, with character independence.
2. An oversquare bar code configuration
3. Optical character recognition B font numerals used as human readable version to be printed below the bar code
4. The symbol will be variable size with single bar widths ranging from .0095" to .025" with the nominal total symbol size slightly smaller than 1.5 square inches
5. The symbol specification will be stated in terms consistent with normal printing industry practice
6. The symbol has a 10, 11, 12 and variable (up to 30) digit length format and can be omni-directionally scanned in the 10, 11, and 12 digit formats.

Many companies will recognize their contributions to this decision. The final symbol, however, was developed by the committee itself. Draft specifications are written but will need some final work over the next few weeks. We will have them available at the SMI Convention through Distribution Number Bank.

IMPLEMENTATION

The major job of implementation will be undertaken by the Code Council (UGPCC) through DNB with help initially from the Symbol Committee, McKinsey & Company and a special technical advisory group we plan to set up.

We will also move quickly to establish sources for symbol film masters for those companies who do not wish to make their own film masters.

We believe a fast pace of implementation is indicated to make it possible for a company to concurrently implement the UPC symbol and nutritional labeling changes. This is consistent with the needs of the distribution industry for speedy implementation of source symbol marking and will serve to minimize costs for grocery manufacturers.

Finally, we all owe a debt of gratitude to our Symbol Committee for the unusual contribution they made. Some members of that committee spent as much as 30 percent of their time especially during the last 9 months. Our industry owes them and the companies they represent a great deal:

| | |
|---------------|-----------------------------------|
| Alan Haberman | First National Stores, Inc. |
| Bob Tripp | Winn-Dixie Stores, Inc. |
| Eric Waldbaum | Greenbelt Consumer Services, Inc. |
| Barry Franz | Frocter & Gamble |

| | |
|-----------------|-----------------|
| William Galt | Del Monte Foods |
| Steve Linn | General Foods |
| John Hayes | H. J. Heinz |
| Fritz Biermeier | Red Owl Stores |

Alan Haberman
Chairman, Symbol Committee

R. Burt Gookin
Chairman, Ad Hoc Committee

April 3, 1973