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NARGUS COMPUTER APPLICATION COUNCIL

by

William J. Brodbeck
Dick's Supermarkets
Platteville, Wisconsin

It gives me great pleasure to appear on a Food Distribution Research Society program. I consider it an excellent opportunity to discuss the NARGUS Computer Applications Council, its recently completed survey of independent food retailer needs for office computer and scanning technology, and some of the plans we have for meeting those needs.

Need for Council

For a long number of years we have observed large retailer and wholesaler companies in the food industry developing their competencies in computer technology. Today they have, with few exceptions, a superior ability to identify computer applications, to develop computer programs to support them, and to implement the applications at company and store levels.

It was the opinion of the NARGUS Board of Directors that this superiority of the large retailer companies was placing independent food retailers at a distinct disadvantage...and this disparity could widen as the computer "state of the art" improves.

A few of the specific advantages that computers provide their users over their non-user competitors are the abilities to: 1) schedule labor more efficiently; 2) merchandise stores so as to maximize sales and profits; 3) minimize

inventory while increasing turns; and, 4) improve effectiveness of advertising and promotion programs to attract and hold customers.

Following the NARGUS Convention in 1978, the NARGUS Board of Directors, created the Computer Applications Council. The purpose of the Council is: "to make available to more independent food retailers the capabilities of scanning and computer technology and to help such operators effectively utilize the information generated so as to maintain a competitive position in the market place."

NARGUS-CA Council Members

The members appointed to the Council by NARGUS were Larry Contoas, Pay Less Supermarkets, Anderson, Indiana; Bob Gowens, Randall's Food Markets, Houston, Texas; Ken Haynes, Supermarkets of New Mexico, Albuquerque, New Mexico; Bill Brodbeck, Brodbeck Enterprises, Inc., Platteville, Wisconsin, Chairman and Lew Norwood, NARGUS, Secretary.

At our last meeting, with the approval of NARGUS, we invited four additional individuals to join the Council. The addition of the new members will not only provide more effective regional coverage but also a more complete representation of computer and scanning equipment.

Objectives of Committee

At an early Council meeting we developed objectives for the Council and action plans for their achievement. The objectives developed were:

- I. To provide vehicles for improving communications with scanning and computer vendors, consultants, researchers, wholesalers and independent retailers so that the computer and scanning needs of independent food retailers could be effectively met (my presentation here today is a step toward achieving that objective),
- II. To establish a NARGUS user-based education program,
- III. To encourage NARGUS to develop a continuing computer Newsletter,
- IV. To develop manuals for independent food retailers to plan and implement scanner and in-company computer systems.

Bishop Hired as Consultant

Bill Bishop of Willard Bishop Consulting Economists was hired in early 1979 to develop a support program for the Council. He devised an approach for dividing the functional activities planned by the Council within which individual activities could be coordinated and conducted...the three functions are direction, communications and educational developments. To assist the Council in the direction function...Bishop, late this spring conducted a survey of retailer scanner and computer needs...of wholesaler activities supporting retailers and of vendor offerings applicable to independent food retailers. This survey provided an up-to-date description of retailer attitudes and needs regarding both scanning and in-company business computers. It also provided a base for an overall Council program

which was approved by the NARGUS Board of Directors in July. At the present time the Council is in the process of initiating the first two projects in the program...the development of scanning benefits and implementation manuals...for the use of independent food retailers.

Bishop Survey Results

A few highlights of the Bishop Survey were:

"most independent food retailers are convinced that checkout scanning will play a vital role in their future...and that in five years, supermarkets without scanning will be operating at a significant disadvantage."

Attitudes Toward Scanning

Retailers who were already scanning cited several technical and administrative problems associated with their introduction of scanning...many of which could have been avoided if an implementation manual had been available.

Major Problems With Installation

--Technical and Service Problems	28%
--File Building	24%
--Adjustment/Start-Up Confusion	21%
--Others	<u>27%</u>
Total	100%

Independents' View Computer Needs

Independent food retailers surveyed realized the importance of the office computer to a successful supermarket operation and many of them feel that it will be important to have their own computer within the next five years. In fact, the majority agreed that those without business computers would be operating at a significant disadvantage.

Attitudes Toward Scanning
(Base - 170)

	<u>Agree Strongly</u>	<u>Agree Somewhat</u>	<u>Disagree Somewhat</u>	<u>Disagree Strongly</u>	<u>Don't Know</u>	<u>Total</u>
Checkout scanning is too complicated for independent retailers	4%	7%	23%	61%	5%	100%
Information helps to manage more effectively	56%	34%	4%	1%	5%	100%
In 5 years, supermarkets without scanning will be at a disadvantage	40%	35%	15%	2%	8%	100%
There is good reason to wait another year or 2 before installing scanning	25%	40%	14%	14%	7%	100%

Attitudes Toward Business Computers
(Base - 170)

	<u>Agree Strongly</u>	<u>Agree Somewhat</u>	<u>Disagree Somewhat</u>	<u>Disagree Strongly</u>	<u>Don't Know</u>	<u>Total</u>
It would be difficult today to profitably operate a supermarket without the use of a computer.	32%	26%	28%	13%	1%	100%
It is not hard for an independent retailer to justify the cost of his own business computer.	11%	29%	36%	18%	6%	100%
In 5 years, firms without their <u>own</u> business computer will operate at a significant disadvantage.	26%	43%	20%	9%	2%	100%

Those retailers who were actively interested in business computers foresee a

number of problems associated with installing this equipment.

Problems anticipated were:

Problems Anticipated in Moving
to a Business Computer

Software Development	20%
Conversion of Systems	15%
Cost of Operation	13%
Training/Education	13%
Assistance/Maintenance/ Servicing	11%
Management Time/Effort/ Discipling	11%
No Response/Other	<u>17%</u>
Total	100%

These are but a few of the highlights of the NARGUS Computer Applications Council Survey that was designed to provide direction for the Council. Copies of the survey will be made available shortly by NARGUS. To secure a copy write NARGUS, P.O. Box 17208, Washington, DC 22041. The price per copy is \$10.00.

We at NARGUS see the Computer Applications Council and its program as a key to the continuing success of independent food retailers and to the maintenance of a competitive food distribution system. It's a large undertaking that NARGUS is tackling and we encourage all of you to become actively involved...there is plenty of opportunity for all who wish to contribute.

I have not discussed my company's scanning or office computer activities, but I'd be happy to do so, as I'd be pleased to enlarge on any of the topics that I briefly covered relative to the Computer Council and its activities.
