WHERE DO WE STAND ON UPC IMPLEMENTATION

by
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New York, New York

I. Four topics will be discussed
A. Status against program goals
B. Public policy issues
   - Price mark legislation
   - Labor union position
C. Recent code council actions
D. Open issues

II. Key dates in UPC development
1966 - Kroger Technology Conference
1969 - IMS Test Installation
1970 - AD HOC Committee formed (8/70)
1971 - Code Selection Announced (5/71)
1972 - Code Council Formed (3/72)
   First Number Issues (5/72)
   First U.S. Scanner Test (7/72)
1973 - Symbol Selection Announced (4/73)
   Symbol Specifications Published (5/73)
   First UPC Scanner Announced (10/73)
1974 - First UPC Scanner Installed (6/74)
1975 - 50 Percent Source Symbol Marking (5/75)
   First Price Mark Legislation (6/75)

III. Status against goals
A. Three basic measurers of UPC implementation
   1. Code conversion
      - Membership in UGPCC
      - Use on shippers, paper work
   2. Source symbol marking
      - Grocery manufacturers
      - Retailers (private label)
   3. Availability of equipment

IV. Code conversion membership in UPCC

<table>
<thead>
<tr>
<th>Date</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1975</td>
</tr>
<tr>
<td></td>
<td>Cumula-</td>
</tr>
<tr>
<td>1972</td>
<td>to</td>
</tr>
<tr>
<td>1973</td>
<td>tive</td>
</tr>
<tr>
<td>1974</td>
<td></td>
</tr>
<tr>
<td>Manufac-</td>
<td></td>
</tr>
<tr>
<td>turers</td>
<td></td>
</tr>
<tr>
<td>209</td>
<td>578</td>
</tr>
<tr>
<td>578</td>
<td>1582</td>
</tr>
<tr>
<td>1582</td>
<td>1284</td>
</tr>
<tr>
<td>1284</td>
<td>3653</td>
</tr>
<tr>
<td>Retailers</td>
<td></td>
</tr>
<tr>
<td>84</td>
<td>62</td>
</tr>
<tr>
<td>62</td>
<td>58</td>
</tr>
<tr>
<td>58</td>
<td>24</td>
</tr>
<tr>
<td>24</td>
<td>228</td>
</tr>
<tr>
<td>228</td>
<td></td>
</tr>
<tr>
<td>293</td>
<td>640</td>
</tr>
<tr>
<td>640</td>
<td>1640</td>
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<tr>
<td>1640</td>
<td>1308</td>
</tr>
<tr>
<td>1308</td>
<td>3881</td>
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</table>

V. Source symbol marking
A. Goal was to have 50 percent of nonvariable weight items
   source marked by year-end 1974, 75 percent by year-end 1975.
   1. Percentages are on all commodity item movement basis.
   2. 50 percent source mark was economic break-even.
B. Progress by manufacturers judged sufficient to meet these
goals.
   1. Testing chains report 55-65 percent level on shelf
   2. Nielsen audit shows 58 percent in July
VI. Percentage of items with UPC source-marked symbol

<table>
<thead>
<tr>
<th>Classification</th>
<th>January 1975</th>
<th>March 1975</th>
<th>May 1975</th>
<th>June 1975</th>
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<tbody>
<tr>
<td>Carbonated beverages</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>10</td>
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<tr>
<td>Regular coffee</td>
<td>22</td>
<td>30</td>
<td>44</td>
<td>53</td>
</tr>
<tr>
<td>Ready-to-eat cereal</td>
<td>80</td>
<td>89</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Margarine</td>
<td>40</td>
<td>49</td>
<td>60</td>
<td>64</td>
</tr>
<tr>
<td>Detergents</td>
<td>31</td>
<td>40</td>
<td>49</td>
<td>57</td>
</tr>
<tr>
<td>Soluble Coffee</td>
<td>15</td>
<td>25</td>
<td>39</td>
<td>57</td>
</tr>
<tr>
<td>Selected canned vegetables</td>
<td>52</td>
<td>57</td>
<td>61</td>
<td>64</td>
</tr>
<tr>
<td>Potato chips</td>
<td>42</td>
<td>54</td>
<td>58</td>
<td>67</td>
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<tr>
<td>Frozen fruit juice conc.</td>
<td>13</td>
<td>38</td>
<td>47</td>
<td>53</td>
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<tr>
<td>Wet-type dog food</td>
<td>56</td>
<td>71</td>
<td>78</td>
<td>85</td>
</tr>
<tr>
<td>Paper towels</td>
<td>56</td>
<td>62</td>
<td>71</td>
<td>74</td>
</tr>
<tr>
<td>Canned beans</td>
<td>28</td>
<td>36</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td>Selected canned fruit</td>
<td>36</td>
<td>42</td>
<td>48</td>
<td>56</td>
</tr>
<tr>
<td>Cleansing tissues</td>
<td>61</td>
<td>73</td>
<td>79</td>
<td>89</td>
</tr>
<tr>
<td>Catsup</td>
<td>44</td>
<td>48</td>
<td>56</td>
<td>60</td>
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<tr>
<td><strong>Average</strong></td>
<td><strong>39</strong></td>
<td><strong>47</strong></td>
<td><strong>53</strong></td>
<td><strong>58</strong></td>
</tr>
</tbody>
</table>

Source: A. C. Nielsen

VII. Problem Packages

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number</th>
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<tbody>
<tr>
<td>Insufficient color contrast</td>
<td>22</td>
</tr>
<tr>
<td>Incorrect Modulo check digit</td>
<td>7</td>
</tr>
<tr>
<td>Incorrect labels</td>
<td>8</td>
</tr>
<tr>
<td>Poor placement of symbol</td>
<td>8</td>
</tr>
<tr>
<td>Label damage</td>
<td>3</td>
</tr>
<tr>
<td>Severe truncation</td>
<td>3</td>
</tr>
<tr>
<td>Printing quality</td>
<td>5</td>
</tr>
<tr>
<td>Excessive print gain</td>
<td>6</td>
</tr>
<tr>
<td>Insufficient margins</td>
<td>8</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>71</strong></td>
</tr>
</tbody>
</table>

VIII. Availability of equipment

A. Automated checkstands with scanners announced by at least seven companies
1. Data General
2. ESIS (Bunker-Ramo)
3. National Semiconductor
4. Sperry UNIVAC
5. IBM
6. NCR
7. SWEDA

IX. Stores currently testing automated checkstand systems.

A. Associated Grocers Inc.
B. Borman's
C. Brockton Public Markets
D. Chatham
E. Dominicks
F. Finast (2)
G. Foodarama (2)
H. Gateway Foods
I. Giant (2)
J. Hedgedorn's Foodliner
K. Kroger
L. Lucky Stores
M. Marsh
N. Piggly Wiggly (2)
O. Ralph's
P. Roundy's Inc.
Q. Steinberg's (Canada)
R. Stop & Shop
S. Supermarkets General
T. Tri-city Grocers
U. Wegman's
V. Weingarten's (2)
W. Woodman's Food Markets
X. UNIVERSAL GROCERY PRODUCT CODE COUNCIL

- BEMA
- CFDA
- NAMUS
- NACF
- GMA
- SNFI

BOARD OF GOVERNORS
21 MEMBERS

PUBLIC MEMBER ELECTED BY BOARD
1

ELECT 6 MEMBERS

MEMBERSHIP RIGHT

RETAILERS
MANUFACTURERS
WHOLESALERS

ISSUE NUMBERS
PUBLISH SPECIFICATIONS

CONTRACT

DISTRIBUTION CODES, INC.
XII. AD HOC Committee - 1970

A. Manufacturers
1. R. Burt Gookin-H. J. Heinz (John Hayes)
2. James McFarland-General Mills (Thomas Nelson)
3. Gordon Ellis-Fairmont Foods (C. D. Satterfield)
4. Arthur Larkin-General Foods (Robert Stringer)
5. Gavin MacBain-Bristol-Myers (Frederick Butler)

B. Retailers
1. Robert Aders-Kroger (Jack Strubbe)
2. William Kane-A&P (Dean Potts)
3. Donald Lloyd-Associated Stores
4. Earl Madsen-Madsen's
5. James Wyman-Super Valu

XIII. AD HOC Committee - 1975

A. Manufacturers
1. R. Burt Gookin-H. J. Heinz
2. James Ferguson-General Foods
3. James McFarland-General Mills
4. Gavin MacBain-Bristol-Myers
5. John Suerth-Gerber

XIV. AD HOC Committee - 1975

A. Retailers
1. Jack Strubbe-Kroger
2. Donald Lloyd-Merchants
3. Raymond Wolfe-Oshawa Group
4. Robert Wegman-Wegman's
5. Jack Crocker-Super Valu
6. Alan Haberman-Finast
7. Bert Thomas-Winn-Dixie
8. Joe Danzansky-Giant Foods
9. Ed Schnuck-Schnuck's
10. Steve Barlow-Barlow Foods

XV. Uniform Grocery Product Code Council, Inc.

A. Board of Governors
1. Mr. John L. Strubbe (SMI) Chairman of UGPCC, The Kroger Company
2. Stephen Barlow (NARGUS) Barlow Food
3. Mr. Fritz Biermeier (NAFC) Supermarkets General Corporation
4. Mr. K. Marvin Eberts, Jr. (GMA) Stokely-Van Camp, Inc.
5. Mr. R. Burt Gookin (GMA) H. J. Heinz Co.
6. Mr. Alan Haberman (NAFC) First National Stores, Inc.
7. Mr. Arthur D. Juceam (GMA) Lehn & Fink Products Co.
8. Mr. Robert R. Koenig (NAWGA) Super Valu Stores
9. Mr. Robert F. Lee (GMA) Johnson & Johnson
10. Mr. Donald P. Lloyd (CFDA) Associated Food Stores
11. Mr. Richard J. Mindlin (CBEMA) National Cash Register Company
12. Mr. William E. Oddy (SMI) Jewel Food Stores
13. Mr. James F. Porter (STAC) Chase Bag Company
14. Mr. Robert Schaebeler (GMA) Nabisco
15. Mr. Robert A. Stringer (GMA) General Foods Corporation
XVI. STAC SUBCOMMITTEES

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PRINTABILITY GAGE AND FILM MASTER PRODUCTION</td>
<td>EVERETT SMITH, JR. REYNOLDS METALS CO.</td>
</tr>
<tr>
<td>2. CONVERTER PRINTING PROCESS AND QUALITY CONTROL</td>
<td>JOSEPH W. FEENEY INTERNATIONAL PAPER CO.</td>
</tr>
<tr>
<td>3. SCANNING, COMPUTER AND RELATED EQUIPMENT</td>
<td>FRANCIS X. BECK, JR. SPERRY UNIVAC</td>
</tr>
<tr>
<td>4. IN-STORE EQUIPMENT OTHER THAN SCANNER AND COMPUTER</td>
<td>DAVID C. ALLAIS INTERFACE MECHANISMS, INC.</td>
</tr>
<tr>
<td>5. PROBLEM SUBSTRATES AND COLOR, INK AND MEASUREMENT</td>
<td>MAX M. LOMONT QUAKER OATS COMPANY</td>
</tr>
<tr>
<td>6. GRAPHICS AND SYMBOL LOCATION</td>
<td></td>
</tr>
</tbody>
</table>

XVII. Public Policy Subcommittee

A. Robert B. Wegman, Chairman
   Wegman's Food Markets

B. Principals
   1. Joseph Danzansky
      Giant Food, Inc.
   2. Donald P. Lloyd
      Merchants, Inc.
   3. Alan Haberman
      First National Stores
   4. R. Burt Gookin
      H. J. Heinz Co.
   5. Jack L. Strubbe
      The Kroger Co.

C. Public Members
   1. James Turner
      Consumer Action, Inc.
   2. Wayne Horvitz
      Joint Labor-Management Council

D. Trade Associations
   1. Thomas Zaucha
      NAFC

2. Richard Bragaw
   SMI
3. Thomas Wheeler
   GMA
4. Gerald Peck
   NAWGA
5. Earle Mason
   CFDA
6. Thomas Wenning
   NARGUS

E. Staff support

XVIII. The subcommittee's responsibilities
       on UPC.

A. Providing information on public policy issues to the industry.
B. Coordinating the industry's response to the public.
C. Sponsoring research and educational programs as needed.
D. Expanding dialogue with consumerists, labor, and regulatory agencies.
E. Organizing legislative efforts at the national and state levels.

XX. Open issues
A. Productivity improvement
B. Capital availability
C. European compatibility
D. Soft savings

XIX. The status of item pricing legislation in the states.
A. Legislation passed
   1. Connecticut
   2. Rhode Island
   3. California
B. Legislation still possible
   1. District of Columbia*
   2. Massachusetts
   3. Michigan
   4. New Jersey
   5. New York
   6. Ohio*
   7. Pennsylvania
   8. Wisconsin
C. Legislation defeated/carried over
   1. Alaska
   2. Arkansas
   3. Colorado
   4. Delaware
   5. Georgia
   6. Illinois
   7. Iowa
   8. Maine
   9. Maryland
  10. Minnesota
  11. Nevada
  12. New Mexico
  13. Oregon
  14. South Dakota
  15. Texas
  16. Tennessee
  17. Washington

*Significant chance of action.