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Media Release

25 February 2005

Atrocious bar code quality on hardware products: action plan adopted for sector

A study, released today by the standards agency GS1 New Zealand (formerly known as EAN New Zealand Inc.) and five leading retailers (Placemakers, Bunnings/Benchmark, Carters, ITM, Mitre 10), reveals a potentially serious issue for the logistics operations of the hardware sector in New Zealand. In the research, **71%** of products on the shelves in New Zealand hardware stores fail the internationally-accepted verification test for bar-code quality. An astonishing **7%** of products could not be scanned at all on a sophisticated verification scanner.

Such a result has serious implications for both supply chain efficiency, response times at check out for customers and stock control.

At a meeting held in Auckland to discuss the research, the five retailers developed an action plan to improve the quality of bar codes in the hardware sector. A 'carrot and stick' approach mixing education and industry guidelines along with a threat to move to mandatory verification such as is the norm in grocery sector was adopted. The industry players agreed to work together to improve bar code quality across all products.

Scanning in modern retail

A critical operational component and contributor to efficiency and cost reduction in modern retailing is the ability of a product to scan both at point of sale (POS) and in the 'back room'.

The industry standard method for determining the quality of any bar code is the GS1 Verification Test where a sophisticated scanner and software is employed.

Verification Tests on products have been mandatory in grocery retail since 2001, and a 'pass' is normally required before a product destined for grocery shelves in Australia and New Zealand is considered fit for sale. Studies in 1991 estimated that the cost of 'bad bar codes' to the grocery sector in New Zealand was 163,000 hours additional time in supermarket queues.

Until this research, verification tests have not been deployed in the hardware sector. Failures or difficult scans can lead to stock inaccuracies, incorrect charging for product and delays at checkout, costly to retailers, suppliers and shoppers.



"We'll see you right"

About the research

The bar codes on 956 randomly selected items were tested. This represented approximately 9% of all bar coded inventory items at the test location. All items were representative of products that are commonly ranged in New Zealand hardware stores.

A full GS1 verification test was used. This involves scanning the bar code with a precision instrument called a verifier that not only scans the symbol but also analysed the pattern of light reflected from it and reports its correctness in terms of physical structure and reflective properties. Additional observations were made by the operator to ensure that the bar code is correct in terms of symbology (type), overall size, height, and bar code location on the product. The bar code number is also examined to ensure that it is an authorised and correctly structured number. Only a bar code that passes each part of the test is said to "Pass GS1 Verification". Only passing bar codes can be relied upon to scan every time a scanner is directed at them. Although a failure does not mean that a product will not scan at retail, it sharply increases the chances that it will not scan or scan with difficulty.

A full copy of the report can be obtained from the website of GS1 New Zealand :

<http://www.gs1nz.org/aboutgs1/NZhardwarescansurveyresults.aspx>

About GS1 New Zealand

GS1 New Zealand (formally known as EAN New Zealand Inc) is the local affiliate of GS1 International, a non-profit organisation that provides a common electronic language for international trade and commerce.

GS1 technologies are applicable to virtually every sector of the economy and are used by more than a million companies around the world, including more than 4,000 in New Zealand. GS1 International manages the system in collaboration with 101 local organisations operating in 133 countries around the world, including GS1 New Zealand.

While GS1's best-known product is the bar code, behind this is a universal numbering system (for which the bar code is one medium) that enables every product, service and location -- or virtually anything else -- to be uniquely identified and distinguished worldwide. GS1 has also developed EANCOM, a set of standard electronic documents that enable businesses to carry out the whole range of electronic business transactions with each other, even if their internal information systems are incompatible. With the advent of electronic commerce, these systems are increasingly used to manage the whole supply chain, from raw materials to the checkout stand.

Other GS1 technologies include data synchronisation services such as EANnet, standards for XML and emerging technologies including the radio frequency identification-based system of Electronic Product Codes, whose global rollout is being led by an GS1 joint venture group, EPCglobal.

GS1 is independent and non-profit. It provides the world's only open, global standard for businesses to communicate electronically. GS1 also gives New Zealand businesses access to the only universal standard that can drive e-commerce anywhere in the world.