UPC Codes What Are They Really All About?

Wednesday, May 21, 2014
9:00am-10:00am
Craig Kreider
Agenda

• Ahold USA
• Grocery store evolution
• UPC codes – History
• UPC/Bar Codes
• Global Data Synchronization Network (GDSN) - GS1
• GDSN Standards
• Other item identifiers
• Mfr/Retailer UPC challenges
• Other Retailer WIC challenges
Ahold USA

- Four Regional Divisions + Peapod
  - Giant Carlisle
  - Giant Landover
  - Stop & Shop New England
  - Stop & Shop New York Metro

- 117,000 Associates

- 770 Supermarket Locations

- 13 States and the District of Columbia

Brands

![Stop&Shop](image1)
![Giant](image2)
![GIANT](image3)
![MARTIN'S](image4)
![Peapod](image5)
Grocery Store Evolution

- General Store

- “Grocery Store”
Grocery Store Evolution

Today

• 265,000 SKUs
• 1,500 new items last week
• 600 Discontinued items last week
Universal Product Codes (UPC)

- Several groups working on technology in 1960s
- IBM UPC technology adopted in April, 1973
- Marsh Supermarket – Troy Ohio – 1974
  Wrigley’s gum – first item scanned
- Technology slowly gained foothold
  - 1978 – less than 1% of grocery stores had scanners
  - 1981 – 10 percent
  - 1984 – 33 percent
  - 2011 – 60+ percent
- Scanning Technology has continued to evolve
  - Self Checkout
  - Mobile scanning
  - Smart Phones
UPC/Bar Codes continued

• Advantages of UPC bar codes
  • In-expensive for suppliers to apply
  • Easily recognized by scanners
  • Shrink to fit smaller items

• Evolving Types
  • UPC A – classic format
  • EAN-13 – International Article Number
  • GS1-128 – additional information pieces
  • GTIN – Global Trade Identification Number
  • GS1 Databar – reduced space versions
UPC/Bar Codes - continued

• PLU – price look up codes
  - Standardized for Produce – 4011 Bananas
  - 9 lead for Organic Produce
  - Retailer defined – store made items, Meat, Seafood

• “Type 2 UPCs”
  - Random Weight items
  - Bar code reflects Item and weight/price
Global Data Synchronization Network (GDSN) - GS1

- International Non-Profit Association
- Members in 100 countries
- Development of Global Standards
  - Business to Business standards
  - Business to Consumer standards
  - Supply Chain efficiency gains
- Sectors
  - Retail
  - Health Care
  - Logistics
  - Others
GDSN - GS1

Simply Explained

Australia: Size 5.5
Europe: Size 37.5
UK: Size 4.5
USA: Size 7
Japan: Size 23
China: Size 38
GS1 Standards – GTIN Allocation

A separate unique GTIN is required whenever any of the pre-defined characteristics of an item are different in any way that is relevant to the trading process. The guiding principle is if the customer is expected to distinguish a new trade item from an old trade item and purchase accordingly, a new GTIN should be assigned.

Key standards

• Any change in Net contents requires a new GTIN
• Changes to Gross Measures of Trade Items that are less than 20% do not require new GTINs
Retailer Challenges
Retailer Challenges
Retailer Challenges - WIC

• New Items – proper coding
• “Prescribed” versus Contracted Baby Formulas
• Active for Purchase – no Tag
• “Private Label if available”
• “Least expensive Brand”
• Change timing – store tags
• E-WIC – branded items for smaller retailers
Questions?
Thank you