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By Bryan Sullivan*

The Checkout Challenge

*Retailers are using new technology at checkout to increase accuracy issues
between organic and conventional produce*

With organics items on the rise at more grocery stores the ability for you to accurately ring in these items has become a major challenge. The solutions to this type of problem are numerous and varied in their complexity. Large amounts of revenue are being lost, but some new technologies are solving the problem.

New Technology: GS1 DataBar

The newest technology in solving this issue is the GS1 DataBar (formerly known as Reduced Space Symbology or RSS). Gary Fleming, Vice President of Industry Technology and Standards at the Produce Marketing Association in Newark, DE , explains that GS1 DataBar is a barcode that can be read by most scanners at a grocery retail store and is small enough to fit onto a PLU sticker that is found on most loose produce items (i.e., apples, pears, etc.).

Encoded inside this new barcode is the Global Trade Item Number (GTIN). This 14-digit number has two components:

- A company prefix; and
- An item reference number.

As a result, the GTIN ties to a specific grower/shipper. With these numbers, retailers, growers and shippers now have product movement information for each commodity by grower/shipper. Today, this is not available using the PLU number. Plus, you can now track shrink by grower/shipper as well.

“One of the most cost-efficient factors of using the GS1 DataBar,” Fleming explains, “is at the retail point-of-sale. It’s the ability to curtail the miss-rings at the cash register when differentiating conventional items from organic.”

You will now scan the barcode; it can accurately indicate if the item is “organic” and, therefore, charge the consumer the appropriate price. In today’s world, a conventional PLU number could be entered by the cashier when the item was actually an organic item.

Fleming adds that the GS1 DataBar also promises a quicker throughput — getting the consumer through the cashier line at a faster rate due to the scanning of the item — as opposed to manually entering the PLU number.

Greg Rowe is the Interim GS1DataBar (RSS) Program manager at GS1 Global Barcodes and Identification Business; their U.S. headquarters are located in Lawrenceville, NJ. He explains that accuracy versus speed is a reality faced in almost all business processes whether it is a manufacturing production line or a retail checkout line.

“As more and more organic-produce products are stocked by the store, the

challenges increase for capturing the accurate sales data due to checkout clerks differentiating between organic and conventional items,” Rowe explains.

Who is Using GS1 DataBar?

GS1 started a pilot program in June, 2006. The two major participants in the program were Wal-mart and the Canadian retailer, Loblaw.

Rowe states that these two of the top ten retailers are implementing GS1 DataBar, and another five have committed to scanning apples this way. In this pilot, the products that were used were apples, avocados and bananas. Coming later this year, the list of products will include kiwi fruit, pears, peppers and tomatoes. You will be able to implement this technology if your scanners were built in 2002, or later.

“It will be as easy as turning on the switch to their machines and begin scanning,” Rowe said.

Loblaw, the largest retailer in Canada, reports that 3.25 percent of the produce they sell is organic.

“We are just getting into RSS codes, Larry Kieswetter, Senior Director of Produce Procurement for Loblaw,” said. “The main benefit is that by using the RSS scan bar the cashier error factor will be substantially reduced or eliminated. Previous testing accuracy at the front end revealed that upwards of 50 percent of the bulk organic produce was being rung through as conventional produce.”

Loblaw currently operates approximately 1,000 stores in Canada and they are implementing this technology at their Real Canadian Superstore in Kitchener, Ontario; this super store has a produce department of 10,000 square feet.

Kieswetter explains that produce sales represents 12 percent of total store sales. He adds that it is still too soon to tell how the technology is working, but he does explain that employees prefer to scan items rather than enter PLU numbers; it is faster and more accurate. With self-checkout, especially, more accuracy is needed.

“Technology improves many areas,” Kevin Koehler, Vice President of Store Systems for Loblaw, said. “To take produce as an example — it reduces the occurrence of cashiers entering the same PLU for organic produce as regular produce or saves the customers from entering the wrong PLU at self-checkouts. Customers prefer scanning to PLU entry — plus, it’s faster and more accurate.”

“Most retailers are buying packed organics, or packing them in store to avoid the identification issues at the front end,” Peter Goulet of Pinnacle Sales and Marketing, a business based in Saco, ME, said.

Goulet also managed the produce department for Hannaford Brothers for many years. He does not believe that this technology will eliminate the issue of miss-rings, but at a minimum, it should reduce their amount.

Goulet explains that the cost of this technology is justifiable because retailers upgrade their POS systems every four to six years. GTIN (RSS) technology hit the scene in 2002 and, as a result, most retailers, most certainly the national chains, will be buying new front end equipment by approximately 2008. The cost of the software, which enables a scanner to read the new bar code, is only \$150.00.

“That’s a nominal cost as a percentage of the overall POS upgrade,” Goulet said. “I do not see any negative factors for retailers to convert to this technology.”

Alternative Methods to Increase Accuracy

There are still many retailers that are using PLU codes and other methods to solve the accuracy issue at the retail point-of-sale.

Tom Phelps, Supervisor of Produce at Niemann Foods, is using alternative methods that also seem to be solving miss-ring issues.

“As far as making sure a product is rung up properly, we do a couple of things, Phelps said. “If the product arrives without stickers, we apply them ourselves. We then have a specific yellow bag on display with the organic items. This is the only bag we use for these sections. It appears to be working well.”

Niemann Foods has recently placed emphasis on its organic section.

“Now, almost 30 percent of our produce department has specific organic sections,” Phelps said. “Organics are doing quite well and that translates into 3.5 percent of our sales being organic.”

Niemann operates more than 60 supermarkets and convenience stores located mainly under the Country Market, Cub Foods and Sav-A-Lot banners in Illinois, Iowa, Kansas, and Missouri.

“Overall, produce managers have had a bit of risk when bringing in some of the higher-priced items and selling them along with traditional-style produce items,” Joe Hynes of Joe Hynes Consulting Company in Atlanta, GA, said. “Typically, retailers have absorbed the loss into their mix or opted out of selling these types of items altogether. However, the value and customer expectations for organic products have put more focus and awareness on price accuracy.”

For more information, please contact: Greg Rowe at GS1: growe@gs1us.org