



PROGRAM NOTES

FALL/WINTER 2006



Published for stores enrolled in the Scanning Certification Program

New Leadership for State Bureau

John Dillabaugh was named Acting Director of the PA Division of Weights and Measures in June. He replaces Kent Shelhamer, Jr., who took another position within the Department of Agriculture.

John enters his new job with over seven years of weights and measures field experience—first as a field inspector and most recently as a district supervisor. His priorities include communications between the state office and field staff, uniformity in the application and enforcement of weights and measures laws and training for inspectors.

Said Dean Ely, who serves on both the SCP and PA Association of Weights and Measures boards, “We look forward to working with John, he’s an excellent choice to lead the department.”

Clearfield County Adopts Device Fees

Struggling with a very tight budget this past spring, Clearfield county commissioners considered dropping their local weights and measures program. That would have saved the county \$42,000 per year, but left consumers and businesses without valuable marketplace protection.

After researching what other counties are doing, the Clearfield commissioners decided to keep their weights and measures program and fund it with device registration fees. Clearfield county businesses will have to pay an annual registration fee to use equipment such as checkout scanners, scales, gas pumps and timing devices. Checkout scanners, for example, will have a flat annual fee of \$50 for one to three scanners per location and \$100 for four or more scanners.

Happy Sweet Fifteen, SCP!

This year marks a major milestone for the Scanning Certification Program, as we are celebrating our 15th anniversary. What better way to mark the occasion than to take a look back at major happenings since the SCP’s inception in 1991, and preview what hopefully lies ahead.

The SCP was born fifteen years ago in the Pennsylvania Food Merchants Association conference room. That’s where a group of checkout scanning stakeholders—retailers and wholesalers, consumer advocates, government officials, labor representatives and POS system vendors—were meeting to discuss ways to improve checkout scanning.

Remember why they were doing that? Because there was a serious disconnect between retailers’ desire for the technology and shoppers’ lack of enthusiasm for having their orders tallied by a scanning system. Retailers understandably wanted to take advantage of the benefits—faster and more accurate checkout, reduced labor costs, more detailed register receipts and improved inventory management. At the same time, consumers were rightly upset by the price errors and hard to read or missing shelf tags that were all too prevalent. And consumer frustration was growing as scanners became increasingly commonplace. It was a ‘perfect storm’ in the making.

Stakeholders generally agreed that

going back to item-pricing wasn’t the answer because checkout scanning, if managed properly, was better for consumers and retailers alike. So our stakeholders tasked themselves with creating a voluntary program that would help retailers manage their pricing systems. There were two guiding principles that participating stores would be asked to embrace—clearly indentifying for customers the prices of all items in the store and ensuring that shoppers were charged the lowest advertised price at checkout.



Much effort went into developing requirements and procedures that would enable participating retailers to meet the program goals. Guidelines require stores to adopt and advertise a price accuracy policy, provide employees

with price accuracy training, document and correct errors promptly and ensure that shelf tags are accurate and legible.

It was also determined that member stores should undergo periodic inspections to measure price accuracy and compliance with program requirements. Our inspection protocol and random sampling procedure were tested during a baseline study of ten stores in 1991.

To earn a one-year certification, stores had to achieve a price accuracy rating of at least 97 percent on a random sample of 200 items selected throughout the store. A provisional six-month

(see 15th Anniversary on page 2...)

15th Anniversary *(...continued from front page)*

certification was awarded to stores that scored a price accuracy rating of at least 95 percent, but less than 97 percent.

We're very proud of the fact that the National Institute of Standards and Technology used our random sampling methodology as a model in developing its *Handbook 130, Examination Procedures for Price Verification*. Our staff and board have collaborated with various government agencies and industry groups, including the Federal Trade Commission, Food Marketing Institute and Pennsylvania Department of Agriculture, on the issues of price and scanning accuracy.

Program operations began in earnest in 1992 and the stakeholder team evolved into a Board of Advisors that continues to oversee the program today. The program has flourished under the leadership of chairman Drew Hyman and vice-chairman Mary Bach, two founding members of the Board of Advisors. A complete list of SCP board volunteers is displayed below.

By the time the *Program Notes* newsletter made its debut in the fall of 1994, 180 supermarkets were enrolled in the program. That has ballooned to over 1,300 stores today as member companies—Acme, AWI, Clemens, Giant Eagle, Giant Food Stores, PathMark, Price Chopper, Sunoco, SuperValu, Tops, Wawa and Weis—signed up and/or expanded their involvement over time. “We’re very appreciative of the tremendous support all of our members have shown,” said SCP Executive Director Autumn Thomas. “They’ve enabled us to be recognized internationally as a model price accuracy program.”

Inspection activity has also increased significantly over the years. A record-breaking 1,438 inspections were performed during fiscal 2006, eleven times the 133 tests that were done back in 1993. SCP’s inspection staff has grown to keep pace with the workload, and there are currently eight inspectors in the field at any given time. All inspectors are registered with, and certified by, the Pennsylvania Department of Agriculture to perform Act 155 price verification tests.

We’re pleased to report that accuracy has also improved over time—supermarket accuracy rose from 96.90 percent in 1991 to 98.63 percent in 1996 to 98.90 percent in 2001 to 99.00 percent in 2006. Convenience stores have also made strides—improving overall average accuracy 1.74 percent since 2000.

Program requirements have been tweaked from time to time. In 1996, minimum accuracy rates were increased to 98 percent and 96 percent for one-year and six-month certifications respectively. The Board of Advisors also approved changes in 1998 to comply with Act 155, Pennsylvania’s then new scanner inspection law. The price accuracy policy was expanded to include errors on non-scanned goods, inspections became unannounced, the six-month certification accuracy rate was increased to 98 percent and a system was put in place to periodically report Pennsylvania inspection results to the state’s Weights and

Measures office.

Our members have had to respond to major changes in pricing systems technology over the last fifteen years. Self-checkouts, not even a blip on the radar screen in 1991, are now almost as common as checkout scanners. Less successful were electronic shelf tags which, despite the allure of preventing price discrepancies and a big marketing push in the late 1990s, proved too costly for most retailers. POS systems have also had to be upgraded to accommodate barcode changes such as the Sunrise 2005 project. And there’s more to come as the ubiquitous UPC coupon code will soon be replaced by RSS technology (see related story on page 4).

Through *Program Notes*, our web site, annual reports and board meetings, the SCP aims to keep its members informed about quickly evolving price accuracy technologies. What, how

(see 15th Anniversary on page 4...)

SCP Board of Advisors

Special thanks to the dedicated volunteers who oversee the Scanning Certification Program!

Ed Arnoldi

PA Association of Weights and Measures

Mary Bach

Consumer Advocate

Murray Battleman

Richboro Shop ‘n Bag

Ken Deitzler

PA Department of Agriculture

Dean Ely

PA Association of Weights and Measures

Dr. Drew Hyman

Penn State University

Ric LeBlanc

PA Office of Attorney General

David McCorkle

PA Food Merchants Association

Kevin Mullen

SuperValu-Pittsburgh Division

Peggy Rhodes

United Food & Commercial Workers #1776

Bill Wolf

Retalix

The board meets twice a year to review program policies, procedures and results.

100% Club Honors

Listed below are the 147 most recent qualifiers for the 100% Club. Each store, inspected between April 1, 2006 and September 30, 2006, achieved a price accuracy rating of 100 percent during its on-site inspection and was also found to be in compliance with other Scanning Certification Program requirements concerning price accuracy policy signage, employee training, documentation and shelf tag clarity. ***Congratulations!***

Acme Market #7923	Sunoco APlus #7088	Wawa #98	Wawa #308	Wawa #942
Bethel Park Foodland	Sunoco APlus #7093	Wawa #100	Wawa #324	Wawa #955
Cropper's Market	Sunoco APlus #7135	Wawa #105	Wawa #330	Wawa #956
Giant Eagle #2	Sunoco APlus #7176	Wawa #108	Wawa #347	Wawa #963
Giant Eagle #32	Sunoco APlus #7177	Wawa #112	Wawa #364	Wawa #977
Giant Eagle #54	Sunoco APlus #7266	Wawa #114	Wawa #371	Wawa #8003
Giant Eagle #606	Sunoco APlus #7271	Wawa #125	Wawa #399	Wawa #8008
Giant Eagle #607	Sunoco APlus #7272	Wawa #137	Wawa #423	Wawa #8025
Giant Eagle #667	Sunoco APlus #7278	Wawa #142	Wawa #429	Wawa #8030
Giant Eagle #675	Sunoco APlus #7279	Wawa #145	Wawa #441	Wawa #8600
Giant Eagle #1284	Sunoco APlus #7308	Wawa #147	Wawa #455	Wawa #8605
Giant Eagle #4012	Sunoco APlus #7322	Wawa #153	Wawa #460	Tops Market #602
Giant Eagle #4028	Sunoco APlus #7355	Wawa #156	Wawa #473	Weis Market #8
Giant Eagle #4031	Sunoco APlus #7374	Wawa #157	Wawa #499	Weis Market #9
Giant Eagle #4050	Sunoco APlus #7430	Wawa #160	Wawa #553	Weis Market #14
Giant Eagle #4051	Sunoco APlus #7432	Wawa #165	Wawa #554	Weis Market #17
Giant Eagle #4095	Sunoco APlus #7478	Wawa #166	Wawa #558	Weis Market #19
Giant Eagle #6299	Sunoco APlus #7479	Wawa #180	Wawa #567	Weis Market #43
Giant Food Store #30	Sunoco APlus #7549	Wawa #184	Wawa #651	Weis Market #52
Giant Food Store #39	Sunoco APlus #7609	Wawa #187	Wawa #670	Weis Market #80
Giant Food Store #87	Sunoco APlus #7626	Wawa #188	Wawa #684	Weis Market #91
Giant Food Store #100	Wawa #7	Wawa #198	Wawa #718	Weis Market #91
Giant Food Store #251	Wawa #8	Wawa #221	Wawa #719	Weis Market #104
Giant Food Store #306	Wawa #24	Wawa #223	Wawa #722	Weis Market #107
Lower Burrell Sav-A-Lot	Wawa #31	Wawa #262	Wawa #732	Weis Market #148
Martin's Food Store #12	Wawa #38	Wawa #263	Wawa #736	Weis Market #177
Sunoco APlus #2325	Wawa #77	Wawa #269	Wawa #750	Weis Market #197
Sunoco APlus #6968	Wawa #86	Wawa #274	Wawa #758	Weis Market #205
Sunoco APlus #6970	Wawa #92	Wawa #275	Wawa #790	
Sunoco APlus #7087	Wawa #97	Wawa #293	Wawa #791	

Coming...and Going...

We're pleased to welcome a new member to the Scanning Certification Program staff—Lisa Deming joined our inspector team in August. Lisa will be covering member stores in Philadelphia and adjoining counties and New Jersey.

"Lisa came highly recommended," notes SCP Executive Director Autumn Thomas, "and she's doing a terrific job." Lisa and her husband Dave reside in Mt. Laurel, NJ with their three children.

On a sad note, long time SCP participant Clemens Markets has left the program because it's in the process of selling its stores. Clemens, a family-owned business that served the subur-

ban Philadelphia community since 1939, had 20 stores. "Clemens has been a valued member of the SCP since 1993," stated Autumn, "They have great stores and we wish the owners and employees all the best in the future."

The good news is that in early September, fellow SCP member Giant Foods entered into an agreement to acquire 14 of the Clemens locations. Giant already has 28 supermarkets in the Philadelphia area.

By year-end, 13 of the stores will be converted to the Giant Food Store banner, with one store keeping the existing "food-source" name. The transition should be completed by year-end.

Is Your POS Ready for RSS?

A new U.S. coupon barcode system is in the works, as the current UPC code is being replaced by the Reduced Space Symbology (RSS) code.

Driving this action is the fact that the industry is running out of unique numbers for manufacturer identification (limited to the first 5 digits of the current UPC). RSS provides a fix because it holds more data in half the space of the traditional UPC. RSS barcodes will allow for the assignment of manufacturer prefixes that can vary from 7 to 11 digits.

A final migration schedule for the RSS coupon barcode has been issued by GS1-US, the organization that sets standards to improve efficiency in the supply and demand chains. That timetable is expected to be ratified and published by January 2007. Retailers and manufacturers need to start planning and budgeting now for the transition to RSS barcodes. Various participants in couponing will have deadlines to meet:

- Retailers will have 36 months to get their POS and related systems ready for coupons that bear only the RSS barcode.
- Manufacturers, in an 18 month period starting next January, must move from producing UPC barcodes on coupons to an RSS Interim code. In January 2010, they must issue

coupons with only the new RSS barcode.

- Coupon redemption agents and clearinghouses must be able to process the new RSS barcodes by January 2008 while still continuing to process all other currently used barcodes.

According to Joan Wyndrum of Pinpoint Data, a barcoding and family code management firm, “Most retailers are focusing on making changes to their POS systems without considering all the related systems and issues. Included should be identifying POS and systems upgrade requirements such as hardware, training and management, as well as cost implications from suppliers such as POS vendors and clearinghouses.”

“Planning and reporting tools that interact with POS systems will also be affected by RSS data changes. They include transaction processing, merchandising analysis, EDI processing, cashier productivity tools, among others,” she added. Retailers are advised to evaluate all such internal systems to determine the impact of RSS and to begin planning upgrades.

The changeover to RSS barcodes is designed to increase scanning accuracy at POS and reduce fraud and misredemption, as well as allowing for full-offer tracking and more efficient retailer promotions.

15th Anniversary *(...continued from page 2)*

and when retailers do or don't implement these new technologies has a sizeable impact on store operations, customer satisfaction and the bottom line.

So what's next for the SCP? The program has two priorities—expanding enrollment and providing members with inspection data analyses that enhance accuracy. “We're always looking for ways to increase participation,” notes Autumn, “and we're working on a marketing plan to specifically target channels not currently represented, such as drug stores and mass merchandisers.”

The SCP is also in the process of making its own technology changes. Our FileMakerPro database system is being upgraded to accommodate growth and enable enhanced reporting to clients. “We currently provide a number of client-specific reports, but starting next January each client will receive a new and improved set of quarterly reports and our electronic delivery capabilities will be much greater too,” Autumn said. These inspection reports, as well as feedback from inspectors, allow the SCP to help its members uncover and respond to price accuracy problems.

“Another enhancement we hope to implement in the not too distant future is electronic data capture and reporting,” says Autumn. “A lot of time and money could be saved if inspectors recorded and submitted inspection data using PDAs. It would also get results to our corporate contacts faster,” she added.

In our 16th year of operation and beyond, the mission of the Scanning Certification Program will continue to be helping stores work toward 100 percent price accuracy and ensuring customer satisfaction in the realm of retail price accuracy.

Advisory Committee Meets

The Pennsylvania Department of Agriculture has established a Weights and Measurement Standards Advisory Board to help the department set priorities and develop strategies for the weights and measures office. SCP is well represented on the committee, with Mary Bach, Ken Deitzler, Dean Ely and Autumn Thomas all participating.

The group's first meeting was held on August 29, 2006 and chaired by Secretary Dennis Wolff. Secretary Wolff and other department officials reviewed the challenges facing the state weights and measures program—most of which stem from the fact that 44 counties have dropped their weights and measures programs, and the state office lacks the resources to handle the tremendous volume of added work.

Two possible remedies were introduced to committee members—privatize some weights and measures functions or implement a statewide device registration fee system that would boost funding and resources for the weights and measures office. Either alternative could increase costs for retailers.

It's too soon to say if either option will gain traction, but we'll keep you posted with updates on our web site and in *Program Notes*.

Murray Battleman on Self-Checkout

Richboro Shop ‘n Bag owner and SCP board member Murray Battleman recently talked to *Program Notes* and *Progressive Grocer* about his experiences with self-checkout.

Murray acknowledges being initially ambivalent about using the technology. He worried that it would give customers the incorrect impression that Richboro Shop ‘n Bag was giving up the service his store has built a reputation for. However, at the recommendation of his POS vendor, Retalix Philadelphia, Murray installed a station in the late 1990s. “The chains around us were doing it, and everybody was saying this was the way to go,” Murray recalls.

Important Retalix advice Murray didn’t follow, but now wishes he had—where to install the self-checkout unit. His vendor wanted to place the unit near the entrance of the store and by the customer service booth. Murray, worried about disrupting lanes and alienating customers who wanted service, opted instead to put the unit at the far and least visible end of the checkout area. “You couldn’t see the self-checkout from the front of the store, and if a customer needed help, an employee had to be paged,” noted Retalix’s Bill Wolf. “Unfortunately, it was destined to fail,” he added.

In early 2005, in order to comply with Sunrise 2005 and have the ability to be hosted at his wholesaler, Murray decided to replace his POS system. The self-checkout issue resurfaced. A POS upgrade meant replacing the self-checkout unit, something Murray was reluctant to do. “The unit wasn’t attracting the volume I expected, which strengthened my belief that our customers only wanted face-to-face service.” But, after visiting

several competitor stores and seeing first-hand the high utilization of their self-checkout lanes, Murray decided to stay in the game. “Self-checkouts are everywhere—this is where it’s going—so you might as well accept it and grow with it,” he said.

Consultations with Retalix helped Murray realize that one way to offer service today is to give shoppers the option of checking themselves out. So this time Murray took Retalix’s advice and installed the self-checkout in a prominent area near the courtesy desk. He also dedicated an attendant to the self-checkouts.

Launched early this year, Murray’s new U-Scan stations are compact enough that two units fit in the space previously used by one. The system also includes a handheld unit that allows the self-checkout attendant to scan large items for customers.

Richboro Shop ‘n Bag customers liked the U-Scans—a lot. “Right off the bat the stations were doing ten times the volume of the old unit,” Murray observed. The customer reaction was so favorable that Murray removed a cashier lane this summer and installed two more U-Scans. “Over 20 percent of total sales are going through self-checkout currently,” he reported.

The units are paying off with a reduction in labor costs associated with one attendant overseeing four checkouts. “Another benefit I didn’t expect has to do with plastic bags,” Murray stated. “We’ve tried everything, with little success so far, to get customers to accept plastic over paper. Plastic bags are all that’s offered at the self-checkouts, and customers have been fine with it. It’s amazing how the savings add up on something like that over time,” he added.

Rite-Aid Troubles in New Jersey

On October 24, 2006, officials in New Jersey charged that dozens of Rite-Aid stores have defrauded consumers by charging more than the advertised price for some goods. The stores are also being accused of selling expired infant formula, baby food and over-the-counter medications, according to a lawsuit filed by the New Jersey Division of Consumer Affairs.

The lawsuit, filed in New Jersey Superior Court, seeks civil penalties, consumer restitution and an order directing Rite-Aids in the state to remove and destroy expired nonprescription drugs, infant formula or baby food.

New Jersey officials said agents visited 104 of the state’s 159 Rite-Aid stores from August 14th to October 3rd and found price scanning errors at 76 of the stores. Thirty-one stores were found to have problems with refund policies, including failing to post the policy or obscuring it. Expired products were found at 42 stores.

“It is unconscionable that a store would sell expired merchandise—especially infant formula, baby food and nonpre-

scription medications—to unsuspecting consumers who rely on these products for the care and welfare of their loved ones,” New Jersey Attorney General Stuart Rabner said in a statement.

Rite-Aid spokeswoman Jody Cook said the company had ordered stores where outdated goods were found to remove the products immediately. Steps to ensure that shelf prices match the register price and that refund policies are properly posted are also underway, she added.

Cook noted that the retailer has policies in place to ensure proper pricing and to not have outdated products on the shelves. Rite-Aid is investigating why those policies may have been violated. “We’re retraining all our stores on all our policies on these matters,” Cook stated.

SCP’s Autumn Thomas says this is another example of why stores can’t let their guard down when it comes to price accuracy. “The costs of being inaccurate are just too high,” she notes. “Fines aren’t the worst cost, it’s the negative media attention and loss of customer confidence that hurt the most.”

Fewer Groceries Offered at Wawa

Survey customers at any one of Wawa's 560 plus stores about what they're buying, and you'll find a lot of demand for coffee, soda, hoagies, salads, sandwiches, single-serve produce, salty snacks, candy, bagels and donuts. What you won't find are a lot of mustard or powdered sugar buyers.

So perhaps the PA-based convenience store chain's recent decision to cut in half its dry grocery assortment should come as no surprise. According to Wawa management, the retailer is working toward three to six foot grocery planograms versus what was at least twelve feet just a few years ago. That will free up space for growing categories such as fresh coffee, food-service items and gift cards.

Most dry grocery categories, except fast-moving salty snacks, cookies and single-serve soft drinks, will be reduced. Cereal already has dropped from fifteen to four SKUs and packaged bread and roll SKUs will decline from 200 to 100.

Wawa will continue to carry items customers expect, such as toilet paper, but with less variety. The four-roll pack of toilet paper will be dropped, leaving single rolls as the only offering. Some items—brown sugar, vinegar, evaporated milk and cranberry sauce—are being eliminated entirely.

Industry analysts note that some convenience store chains, such as Wawa, are banking that operating more like restaurants than mini-marts will increase traffic and profits. A customer may buy groceries like cereal or pickles once every week or two, but visit a store every day for a coffee or sandwich.

As Wawa executive Robert Price recently told *Supermarket News*, "We want to be the stop of first resort, not last resort." Wawa hopes these changes will cement its position as a destination stop for customers versus a place to go when traditional stores are inconvenient or closed.

PROGRAM NOTES

FALL/WINTER 2006



- Published for all stores participating in the Scanning Certification Program.
- Subscription is included in the cost of program enrollment.
- If you have any questions or comments, please contact:

SCANNING CERTIFICATION PROGRAM

P.O. Box 870
Camp Hill, PA 17001-0870
800-543-8207
717-731-0600
e-mail: athomas@pfma.net
web site: www.pfma.org

CONTACT:

Autumn V. Thomas

EDITOR:

Autumn V. Thomas



**P.O. Box 870
Camp Hill, PA
17001-0870**