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An unusual form of indexing or classification of items is the arrangement of items on supermarket shelves. At the AusSI workshop held on 15 November 1986, Bernie Henderson, Manager of the Shelf Management Department for Woolworths Safeway gave participants a fascinating insight into the way in which supermarket managers decide on the layout of shelves. This is a form of classification based on rules which are alien to the normal rules of indexing and classification.

When I joined Safeway 13 years ago each store had to determine its own layout. The store manager had to decide how much space to allocate to each section and how much space to allocate to each item within that section. This resulted in a wide variation of layouts which returned the company varying degrees of profitability in stores.

Store managers tended to give the best selling items excessive facings and, in almost all cases, the best selling item in a commodity group returns the smallest gross profit. An example of this is the dog food section where the market leader returns 10% Gross Profit (G.P.) compared to an average of 15% G.P. for the rest of the items in the dog food sections. Another example is Corn Flakes which returns 8% G.P. compared to the section profit of 12%.

Twelve years ago Safeway introduced a centralised system of shelf layouts. Space allocation was determined by warehouse withdrawals and shelf plans were sent to all stores.

One of the first points realised by Shelf Management was that items sold better from certain shelves. The best selling shelf in every section is the eye-level shelf, while the top and bottom shelves are the worst selling shelves. Our layouts are formulated using this information. The sales of every item can be influenced to some degree by the positioning of that item in the layout. Obviously the least profitable items are not given the eye-level shelf. I would estimate that, overall, sales variations caused by shelf allocation would be between 20% and 30%.

Space allocation for each commodity group is also a vital part of our operation. We monitor sales of each commodity group on a regular basis and amend space accordingly. We know which commodity groups have a growing market and which are declining. Probably the most dramatic growth of any commodity group recently is in health foods. Five years ago the average Safeway store would have had about 12 feet for health foods. Currently we are putting over 50 feet into our stores. Another big growth area is non-refrigerated fruit juice which has grown from six feet to 30 feet over the past five years or so.

For every commodity group we have alternative size plans. For example, in the soft drink section we have eight different plans ranging from 24 feet to 45 feet. The larger layouts have more facings of each item while the smaller layouts do not carry the full range. This is necessary to cater for our different sized stores that vary from 10,000 square feet to 40,000 square feet of sales area.
As well as varying layout sizes because of store size, we vary layout sizes for demand. For example, in Coburg we have 60 feet of spaghetti, whereas in Templestowe we have 20 feet. In Toorak we have 120 feet of gourmet foods, but in Glen Waverley we only have 60 feet, although Glen Waverley is the bigger store.

My department is also responsible for designing store layouts for new and remodelled stores. Total store size has doubled over the past 10 years and most of the 40 stores we had 10 years ago have been extended.

We continually get complaints about moving things around in our supermarkets but, if we did not up-date our layouts to meet the changing demands, a lot of customers would miss out on a lot of their favourite items.

We have a basic design for our stores with meat at one end and produce at the other. We usually divide our stores in the middle with the frozen food cabinets and the dairy case is usually along the back wall. Grocery items are divided into food items and non-food items. The food items run from meat to the frozen food and the non-food items run from the frozen food to the produce.

There are five major benefits from an efficient shelf management system.

First, Gross Profit is increased. Surveys we have done over the years show that up to 1% has been added to the grocery G.P. as a result of our layouts. This adds about 0.6% to the total store profitability - a lot considering that the average net profit of a supermarket chain is between 2% and 3%. Second, sales will increase by having the correct amount of space allocated to each item as out-of-stocks will be reduced. Third, markdowns due to 'out of code' will be reduced, particularly with dairy products where 'use by' dates are short. Fourth, total stock holding can be significantly reduced by controlling the amount of stock held of each item. Large supermarkets carry up to $400,000 worth of grocery stock and accurate stock control can reduce stock holding by $50,000. At today's interest rates, that is a big saving. Finally, by allocating the minimum space needed for each item, more items can be included into the range. This can give a store an advantage over a competitor.

Four years ago Safeway became the first company to introduce D.P.P. - Direct Product Profitability. When shelf management was introduced 12 years ago, the only criterion for profitability was the difference between cost and retail. D.P.P. takes into account all costs associated with a product. For example, in the case of margarine, refrigeration costs reduce the profitability.

I will illustrate the principles of D.P.P. by comparing Kelloggs Corn Flakes (500 g) with Nescafe Coffee (50 g).

In one month Safeway sold 26,000 packets of Corn Flakes and made $3,200 profit. In the same month Safeway sold 11,000 jars of the coffee and made $3,900 profit. Both products seem profitable but in actual fact the Corn Flakes would show a loss if all costs were taken into account.

Firstly, the Corn Flakes packet is about eight times bigger than the coffee - imagine how much extra space has to be allocated in the warehouse, the truck delivering to the store and on the shelf. Rental space is costly in all these areas, so the bigger the product, the less profitable it is. Secondly, labour content has to be considered. Remember we sold 26,000 packets of Corn Flakes and only 11,000 jars of coffee. Someone has to receive those 26,000 packets of Corn Flakes at the warehouse, someone has to load and unload the delivery to the
supermarket, someone has to price the stock and put it on the shelf, and someone has to ring up 26,000 items on the cash register. Even the cost of the plastic bag for the customer to put the goods in is a consideration. The Corn Flakes cost for the plastic bag would be 2c per unit compared to the coffee cost of .3c per unit. We make about 14c on a packet of Corn Flakes, so the 2c bag cost is quite considerable.

Obviously we must keep Corn Flakes in our range, but we keep the facings to an absolute minimum and place the product on the bottom shelf, whereas with the coffee we increase the facings and put it on an eye-level shelf.

Suppliers in Australia are becoming increasingly aware of D.P.P. and are structuring their packaging and cost prices with this in mind.

Next year Woolworths Safeway will be introducing the Apollo shelf management system which is a computerised version of the existing Safeway system except that all D.P.P. costs and physical measurement of each item are fed into the computer. Store layouts will be calculated and printed by the computer. Several major suppliers have already introduced the Apollo system, and we are able to talk to them about layouts produced from Apollo.

I hope I have enlightened you a little about the Supermarket business.

* * * * * * *

AUSSI WORKSHOP - INDEXING: TODAY AND TOMORROW

The Australian Society of Indexers held a workshop entitled Indexing: Today and Tomorrow on 15 November 1986. This second AusSI workshop was as successful as the first, held just over two years ago.

The workshop was designed to cover practical matters of interest to indexers and to provide some experience in areas of indexing outside the normal day to day activities of indexers.

Microcomputers and indexing packages were highlighted. Dr. Greg O'Brien from LaTrobe University gave an exceptionally lucid and jargon-free account of the way in which a microcomputer works, whilst Eleanor Whelan, Joan Hagger and Sue Harvey gave brief talks on InMagic, Index 4 and Starindex indexing packages. These packages were demonstrated late in the afternoon so that all participants were able to see the packages in operation and to try them out.

Russell Medhurst from Telecom Australia gave an interesting talk on indexing for the Yellow Pages telephone directories. Various editions of the Yellow Pages are produced throughout Australia and although each edition is different, the indexing terms are co-ordinated by a national committee. Another consideration, which does not normally apply to indexing, is the advertising value of the Yellow Pages. The indexing terms must be tailored to advertising needs and must accurately describe a particular product. The size and complexity of the Yellow Pages makes the indexing task a daunting one.

Bernie Henderson from Woolworths Safeway gave an entertaining and informative talk on supermarket layouts. His paper appears on pages 41-43 of this issue of the Newsletter.

After a superb lunch, a panel of experienced indexers answered questions from participants on many aspects of indexing, such as ethics, charging policies and who should pay for indexes.
A MEMORY OF CORYL MUNTZ

Coryl Muntz died on 18 February 1983. She was a distinguished information scientist, a founder member of the Australian Society of Indexers, and editor of the newsletter until her final illness. Dr. J.H. Willis, former director of The Herbarium, remembers Coryl in this extract from a letter to Jean Uhl.

... Coryl achieved perpetual fame by being the first woman member of the National Herbarium staff; it had been a strictly male abode for the preceding century. I well remember the day she came along as a student on vacation from Merton Hall, Church of England Girls Grammar School, seeking a temporary job during school holidays. From then, she had a good lever to apply for a permanent position as soon as there was a vacancy for 'botanical assistant.' Her talents (particularly artistic) and delightful personality soon made her a very welcome, much appreciated member of staff and we were sorry to lose her when she subsequently resigned to go overseas (1956, I think) and then married Dr. Muntz.

* * * * *

NEW MEMBERS

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* * * * *
BOOK REVIEWS - INDEXES MENTIONED


'It is a scholarly work, well illustrated and, joy of joys, it has a comprehensive index.'


'There is a thorough author/title index to provide ready access to specific works. The subject index has a well organised cross reference structure and a useful feature is that entries under a subject heading are divided by type of publication e.g. 'periodicals on' and sometimes by user e.g. 'for nurses'. The odd typographical error occurs e.g. the incorrect spelling of Great Britain on page 377 as well as the occasional inconsistency e.g. a reference is given from 'Veterinary pharmacopeias' to 'Pharmacopeias: veterinary' but a similar reference to 'Pharmacopeias: homeopathic' is omitted.'


'There is also ... an index of common names.'


'There is ... an index of horses as well as a general index.'


'... comprehensive indexes and clear maps make it easy to approach the book in a variety of ways.'


'... a comprehensive Introduction, notes on contributors, an Index and a terrific cover.'


'The essays have extensive end notes, and this volume, like the earlier one, has an index - extremely useful in an edited collection - which allows quick reference to the multiplicity of issues and theories referred to over the essays.'


'... a splendid index.'

KELMAN, Brian and others. Information use by Western Australian business and industry. WAIT. Reviewed by Lynne Carmichael, Australian college libraries vol. 4 no. 3 September 1986.

'All questionnaires and so on are included in appendices and the contents pages clearly list all these features. This to some extent overcomes the lack of any index to the contents of the report.'

'The listing of all titles described in a separate 'Selection sources' section at the end of each chapter is an advantage. Unfortunately these are referred to in the index only under their title. It would have been useful to also list the page number of the 'selection sources' on which the full details appear and not only the place in the text. In terms of accuracy a quick cross check seemed to indicate omissions only in Australian items but there may be others.'


'It's a very logically organised book with clearly divided sections and subsections and a thorough index.'


'No index; but a fairly comprehensive contents listing.'


'A book on communications might be expected to do just that - communicate. On the other hand it is a book about technology - and books on this subject are hardly bedtime reading. They are surely meant to be browsed, not read. Thus, I dipped into the index. Ah ha! Jones, Barry, 1, 3, 175 - an interesting starting point! Alas! No Jones on page 1 or 3 or 175. Maybe more heavy-weight entry such as - IBM, 6, 12, 21, 30, 73, 79, 83n. Unfortunately disappointment yet again. This appeared to be a sinister plot to entice me to read the book, cover to cover! Imagine my surprise when page 5 yields Barry Jones. My mathematical past leapt to my aid. Try pages 7 and 179. Yes, Barry is there, restored to his effusive self. Armed with an offset of +4 pages I returned to the index - success! My index problem is easily explained - the Author's Note and introduction were added after the index was compiled - but in a more general way it highlights the pitfalls that abound in trying to chart the course of development in the rapidly developing world of communication.'

* * * * *
NOTES AND NEWS

At a well-attended meeting of the Society on 28 April 1986, Senior Sergeant Mark Ellwood of the Fingerprint Bureau, Victorian Police Force, spoke on fingerprint classification and the identification of fingerprints, with particular reference to the Australian extension and modification of the Henry Fingerprint System. Our thanks to Senior Sergeant Ellwood for a most interesting evening.

The Forum of Information Association (Victoria) is to hold a seminar on the issues facing the information management industry in Victoria in March 1987. The seminar will be co-ordinated by Peter McDonald of the Records Management Association of Australia.
We welcome contributions to the Newsletter. If you have any material you feel would be suitable for inclusion, please send it to the Editor, Australian Society of Indexers, G.P.O. Box 1251L, Melbourne, Vic. 3001, by Monday 28th January 1987.

INDEXING SOFTWARE
INDEX4 is a software package designed by and for professional book and periodical indexers, and has been under continuous refinement since 1977.

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