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**Price check on aisle 1****State's busiest retailers were 97% accurate in most recent testing**

By SARANA SCHELL

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Cashiers statewide scan thousands of bar-coded products: bags of dried banana chips, Hello Kitty stationery, cases of motor oil, Ralph Lauren shirts, boxes of Sailor Boy pilot bread, microwaves and so much more.

Alaska has 10 inspectors to make sure the scanned prices on customer receipts match what shoppers saw on price tags.

Mike Nethercott is one.

Last week, following his inspection routine, Nethercott reserved a checkout stand at the Huffman Carrs in Anchorage, then set out to randomly select 100 items, which filled his cart several times over. He spent about three hours carefully writing down the product number and price from each item's shelf tag, scanning batches of items, and noting in neat straight lines if the prices matched.

Usually they do.

Scanner overcharges have triggered thousands of dollars in fines in other states and even a \$1.85 million lawsuit settlement in California against Albertsons, a Lower 48 grocery chain, last fall. Alaska has a no-fine program, but the state's latest year of testing still found the busiest retailers, on average, scanned correctly 97 percent of the time.

The state made 225 unannounced inspections between June 2003 and June this year. The average error rate was 3 percent, although many remote and small stores went unchecked. The national target is a 2 percent error rate.

"I can't complain," Nethercott said. "Stores now are excellent."

Many customer complaints come from simple confusion, he said, such as when a shopper replaces an item in the wrong spot.

Row after row of clear jars filled with Santa Barbara-brand olives illustrated his point. The \$5.19 martini style was virtually indistinguishable from the neighboring \$6.59 onion-stuffed.

"The customer has a certain amount of responsibility," Nethercott said, to grab the right jar.

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State Weights and Measures inspector Mike Nethercott double-checks the UPC code on a box of muffins at the Huffman Carrs. He'll collect a sampling of 100 items and then scan them to confirm their prices. Inspectors aim to do annual database price checks at all retail outlets with scanners, but due to staff and money limitations, they target stores that see the most traffic. *(Photo by Jim Lavrakas / Anchorage Daily News)*



Even when state inspectors don't find many mistakes with store scanners, inspector Mike Nethercott says the process is important. "Who knows what it would be like if I wasn't here?" he said. Nethercott scans a pie plate at the Huffman

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## THE RIGHT PRICE RIGHT NOW

When Nethercott finds an overpriced item in his test, he contacts a manager to correct the mistake immediately. Stores can make prices match by changing the shelf price or the scanner price in the store's computer system.

Carrs during a recent inspection.  
(Photo by Jim Lavrakas / Anchorage Daily News)

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"I don't leave the store until it's done," Nethercott said.

If a disparity can't be fixed immediately, the state has merchants set the product aside, marked "Not for Sale," until the prices are reconciled. That's if prices are higher than advertised. If a store is undercharging, inspectors notify the manager but do not demand a change.

Each company sets its own policy on how to deal with price discrepancies, from giving an item away free to refunding the customer the difference.

Alaska customers were undercharged almost three times more than they were overcharged, the state found in stores it inspected.

If a store overcharges for more than two items out of 100, inspectors aim to revisit the store within 10 days.

In January 2002, the Juneau Kmart had a whopping 22 percent overcharge rate, the state found. Nine days later, it was 13 percent. A month later, 6 percent, then 1 percent. By December, the rate was still 1 percent.

Kmart, as part of bankruptcy reorganization, has since closed all its Alaska stores.

Repeated mistakes are one reason to reinspect a store, said Aves Thompson, director of the state Division of Measurement Standards and Commercial Vehicle Enforcement. Customer complaints are another.

Alaskans who want to do more than talk to the store manager can lodge a complaint with the division.

Store managers who are accustomed to inspections often welcome them, Nethercott said, since they identify overcharges that offend customers and undercharges that lose the store money.

"The stores like sending me that report to show me 'Look, we're doing a really great job,' " said Renee Braun, training and operations coordinator for Anchorage-based Spenard Builders Supply. "Then I know the stores are following the procedures we set out for them."

## WHY BAR CODES?

Bar-code technology first started in the grocery industry in 1974, according to the Food Marketing Institute. Scanners slashed the error rate of typing prices in by hand, which went as high as 16 percent, the institute says. Other benefits include not having to mark price changes on each can of peas or box of cereal when they go on and off sale, cutting labor costs, and having receipts list what items are, instead of just their cost.

Supermarkets have used the technology longest and tend to have the lowest error rate.

In their latest year of testing, inspectors found an average error rate of 2 percent in Alaska grocery stores. Stores in industries that added scanners later had higher rates. Cameras were the highest category, at nearly 11 percent. Sportswear and music had error rates of 8 percent. Auto and office supply and book stores were nearly 6 percent.

Nethercott said over his eight years as a scanning inspector, pricing control has improved.

"There used to be 20 people out there on the floor running along ahead of you with scanner guns," Nethercott said. "You don't see that anymore."

Braun, who said she has been with Spenard Builders for 21 years, can attest to the convenience of scanners. When a customer buys a hammer, the scanner also triggers a change in the store's inventory record.

At Mammoth Musical Instruments in Anchorage, scanners help cashiers tell the difference between look-alike \$569 and \$599 Gibson Les Paul Supreme Special and Special II guitars. The bar-code tag reveals which has the fancier pickups, buried deep in the guitar body.

"As long as that tag doesn't fall off, you're good," inventory manager Wayne Karrick said.

#### MOST STORES GO UNCHECKED

In a perfect world, Alaska inspectors would check all scanning stores once a year. With limited staff and money, program directors said more stores are missed than checked, so inspectors target stores that see the most traffic.

Stores are supposed to let the state know if they use scanners, and pay a \$62 yearly fee. About 250 stores have registered, but program supervisor Ed Comisky said he expects that's only a third, maybe a quarter, of the stores that have scanners statewide.

Comisky cited several reasons for that gap. Scanner technology is spreading rapidly, small businesses come and go, and owners and managers may not know they need to register. Also, he said the program doesn't have the money to check stores in every small, remote Bush community.

The six inspectors in Anchorage, and the two each in Fairbanks and Juneau, visit communities in their regions, from Barrow to Seward to Sitka.

To boost the number of village scanner inspections, the state started cross-training its inspectors. Now when employees head out to check fuel pumps and scales, they also check scanners if they have time.

But scanners are further down the list than busy fish processing scales, or a Dutch Harbor fuel station pumping millions of gallons to ocean-going trawlers, and inspectors may leave without checking store equipment.

Division Director Thompson said he would be open to creative solutions such as training community members as inspectors.

Nethercott said even when inspectors don't find many mistakes, he still feels testing is important.

"Who knows what it would be like if I wasn't here?" Nethercott mused.

Daily News reporter Sarana Schell can be reached at 257-4466 or [sschell@adn.com](mailto:sschell@adn.com).

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