

Competitive bonus

As packaging options proliferate and clients become more design-savvy, mid-tier replicators are putting their eggs in far more than one basket these days, and profitably so, Dan Daley discovers

You can judge a book by its cover. That's what the vastly diverse clientele of the middle tier of replication facilities in the US are learning from their clients. The semiotics of packaging are reversing the relationship between the disc and its holder, with the commodified disc often just along for the ride.

"There are two trends out there working simultaneously," observes Joel Levitt, president of Action Duplication in the Philadelphia area. "On one hand, customers want to send a message about the information on the disc by using its packaging – discs used in marketing and promotional applications have become significantly more elaborate; the case rivals the disc itself in some instances. On the other hand, when the disc is for applications like training or just basic information, customers want the least expensive packaging options they can get, like paper and Tyvek sleeves. We have to be able to service all of those options."

Economics

The economics of packaging have become commensurately more complex, but also commensurately rewarding. The diversity of packaging options has led to a steady increase in the amount of manual packaging replicators have to accomplish, which can significantly increase costs, often the single most expensive line item in an annual budget, even when packaging staff are temporary.

Bill Walker, president of Media Evolved in Charlotte, North Carolina, notes that his packaging complement more than quintuples to as many as 75 people during peak periods. "Most of the packaging we do is custom, and there is not an affordable automated option for that," he says. Furthermore, the cost of much of the raw and basic materials for packaging has climbed along with the price of petroleum in the last year. And complex packaging can add to shipping costs, as well.

But most replicators are not complaining; while they don't generally break out packaging prices from those of the disc, it's readily apparent that the pack margins far exceed those of the disc. "The economics are great," says Jon Mueller, production development manager at Great Lakes Media Technology in the Milwaukee area. "Customers have recognised that packaging is the key to presenting their products. It's a competitive bonus that we've



Content owners are increasingly realising the benefits derived from packaging, say replicators

been pushing for the last year to widen that awareness. We're putting more emphasis on finding more packaging options for them to choose among. They're willing to pay for more elaborate packaging and assembly when they perceive an increased value to the overall product from the package."

The economics of packaging may seem apparent, but some replicators suggest that might be one-dimensional. "I read about it being a profit centre, but that's a little simplistic," says Dennis Eickhoff, president of DCA Media Solutions, in San Diego, which does mainly manual packaging for its one DVD line. "People still compete on the disc price. We quote a total project price and rarely break the packaging out. I see it as a nominal profit centre."

How did this notion gain such widespread and pervasive currency amongst disc customers in a relatively short span of time? Several replicators cited a recent market research study that indicated that online giant AOL discovered that its consumer response dramatically improved when they switched to a DVD clamshell case from a paperboard sleeve.

"The cheap sleeve has the effect of desensitising people to the disc inside," says Walker. "The unconscious connection is, if the packaging is cheap, the product inside must be less valuable."

Replicators also note that customers are coming to them with packaging they are finding on retail shelves and asking the replicators to duplicate these packs for their products. "Corporate customers are beginning to realise the benefit that entertainment companies derive from packaging," says Mueller. "It's the same process that happened with DVD itself – corporate customers saw that DVD not only had good market penetration, but also had a high perceived value among consumers. So they switched their format from CD-ROM to DVD. Now, the packaging is following suit. Even the annual report on disc can be made to look more attractive in the package and that sends a positive signal."

Automation

Most mid-tier replicators invest in at least one automated packaging line that acts as an anchor for manual assembly. Great Lakes has a pair of Kammann lines for DVD packaging; Action Duplication has an automated jewel case assembly line and a semi-automated DVD clamshell case line, both from EAM; Media Evolved has a combination of four GIMA and Isemann machines; and Spinegy has two EAM/Scandia packaging lines.

Everyone dreams of an automated solution to diverse packaging, but they know it's simply not going to happen – or, at least, not going to happen simply. “There’s really no way to find automated solutions that can accommodate a wide variety of packaging options at a reasonable cost,” says Levitt. “As result, we expect to stay with manual packaging for some time to come.”

One solution has been to get creative in the engineering department. Doug Franzen, executive vice president and COO at Eva-Tone in Clearwater, Florida, says his engineering staff have modified several pieces that comprise the company’s five packaging lines, which include GIMA jewel case packagers and CD sleevors, Shanklin overwrappers and Bell & Howell inserters. “For instance, we took a 9x10 Bell & Howell inserter, which had been the standard for years in the direct mail industry, and modified it to insert a CD into an envelope that we designed to be included in a magazine page,” Franzen says.

Another example is a sealer, used to wrap flat objects in clear plastic for similar insertion applications, which was modified to interface with a stitching machine. The result collates and inserts wrapped discs into book projects with a saddle-stitch binding, such as instructional CDs that accompany music educational books, a sector Eva-Tone has a heavy presence in. “We have our own machine shop, so it’s not difficult to execute,” he says. “The real challenge is in conceiving how to adapt the machinery. What we’re doing is creating specialty automation solutions as we go along.”

Ad hoc solutions are part of the daily process at Video Labs, in Rockville, Maryland, where VHS remains a mainstay format. Company COO Mike Weiss laments how packaging machinery is being orphaned by the format’s decline. “We use Media Automation equipment for that, and they’re out of business now,” he says. The company’s in-house engineering staff now does maintenance and modifications. (Video Labs was acquired by High Speed Video late last year, making it part of a now seven-facility network that integrates other media formats and packaging for all of them.)

If there are no all-encompassing panaceas for automated packaging, there certainly is a growing array of more highly focused options. Inoveris, in Columbus, Ohio, added a Univenture 1000 line for multidisc packaging configurations to augment its automated DVD clamshell line, two semi-automated jewel lines and 11 manual packaging lines. “You can’t buy a line that does just one thing, but when you see enough of a trend start to emerge, you can adjust your strategy around that,” says company president Melodie Gee, who says the need to automate multi-sleeve and binder-type packages led to the decision. It was a particularly difficult decision since several years ago the company had invested in a specialised packaging line for one particular type of box and then saw demand for the box drop and the equipment manufacturer go out of business.

(Package formats are subject to the fortunes of the media formats they carry. Eva-Tone was one



Packaging is a ‘nominal profit centre’ says Dennis Eickhoff

of only two replicators that signed on to the FlexPlay bandwagon in 2004. The format’s packaging was complex: it required the disc to be sealed into a vacuum pack, adapted from food packaging, within four hours of manufacture. The company adapted a CD inserter for the task,

and also created its own printing process for it. But despite support from Disney, FlexPlay remains in format limbo.)

Future trends

The trends looking forward include the notion of replicators designing more of their own packaging solutions for certain customers, and even for retail and OEM applications. Media Evolved developed its Coaster ROM for Canadian Club, which acts as both a marketing device and as a perfectly serviceable beer coaster, even capable of draining overflow through its hole. Other companies are beefing up their in-house graphics departments. And everyone is subject to a level of uncertainty many agree is even less predictable than that of the discs. They’re likely also to agree with Stephen Nazarian when he says of the packaging whirlwind, “Every day’s an adventure.” ●