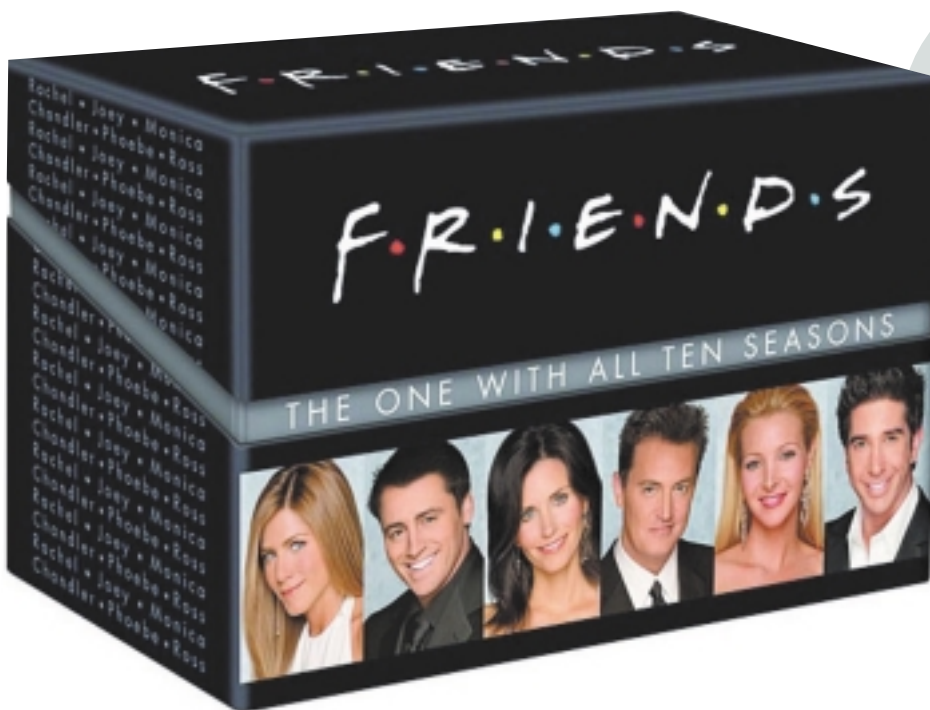


Special packs and retail placement

Special packaging offers buyer incentive, with content owners becoming more and more willing to spend money on packaging, at least boxed sets, and retailers are keen to rack the items too. But are all retailers so willing to rack the oversize items? Debbie Galante Block reports



This Warner's *Friends* boxset has since been redesigned with a smaller footprint to satisfy Target and K-mart

sections if they are newly out. "The whole process is overseen and managed by our store operations working in conjunction with our product and marketing departments and in relationship with our audio, DVD and games suppliers," says Castaldo.

Marketing strategies

Mike Engstrom, vice president of marketing, Rhino Entertainment, says it was reported at the NARM show that after careful study, there is reason to believe that with some attention to merchandising nuts and bolts and a modest marketing investment, the industry might be able to move the CD sales needle as much as six to eight percent. Rhino, which will be releasing a very ambitious package for Tori Amos' *A Piano: The Collection*, feels strongly about packaging and placement. "We are working with retailers to come up with different physical displays and different types of online displays where somebody can go to different retailers' websites and take a tour of the box."

Rhino also tries to work with retailers as to where the product is placed. A perfect example is The Talking Heads' *DualDisc Brick* which looked like a stone wall and contained all eight Talking Heads studio albums. "While it could be very difficult to rack it, at the same time, it stands out. I went to Borders, Barnes and Noble stores that were carrying it and you couldn't help but notice it, and that is the reaction we're trying to get." Engstrom admits that to pull this marketing strategy off successfully, it takes "a ton of collaboration that starts out with the A&R

Music and box sets that all but walk off the shelves themselves will be the cornerstone at media retailers this holiday season and beyond.

While stores like Wal-Mart and Target continue to put specific packaging dimension demands on content providers, more specialised media stores, such as HMV and Borders, welcome special packages they receive.

Retailers such as Wal-Mart and the warehouse clubs only bring in product that is guaranteed to sell a certain number of units. They have no interest in carrying the Talking Heads boxed set, for example, says David Gorman, founder, HackTone Records. On the other side of the coin is a store such as HMV. "The fact that many of these items are produced in different shapes and sizes doesn't really cause us too many issues. Of course, merchandising can be a little challenging at times, but we have versatile racking and store design and,

ultimately, this is what we're here to do – sell music and entertainment products," says Gennaro Castaldo, spokesman for HMV, UK & Ireland. "We have developed a standard template store design and layout, though our managers are able to adapt these to accommodate regional/local variations and demand."

A Borders spokesperson agreed, and told *MediaPack* that they don't dictate dimensions to the content providers, but usually just deal with what they get. In stores, such as these, product is often merchandised by genre or in chart racking

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department and the product manager. We all sit down and talk about the essence of the release. We'll brainstorm ideas. From there the creative folks take it out to the different vendors and try to find a way to execute that vision. We also talk with artists and artist management to make sure our vision is the same. The Talking Heads package started with the band's concept, for example."

Paula Doherty of Multi Packaging Solutions agrees that special packaging offers buyer incentive and sees the trend toward that packaging continuing to grow. Entertainment is a cyclical industry. As record labels start to figure out ways to make money from downloads and ringtones, they are becoming more willing to spend that money on packaging, at least boxed sets, she said.

Even with sizes and dimensions set by the retailer, unique products can be created and the dimension barrier can be bent as it is in other industries.

With retail competition continuing to heat up, what is becoming even more commonplace and challenging for the budget-conscious labels is the demand from retailers for exclusive packaging. With these requests, retailers such as HMV hope to add value to chart releases and re-issued catalogue titles. Stores are often enthusiastic about securing exclusives or limited edition runs to give core customers and the collectors even more incentive to buy product, according to Castaldo.

Supermarkets or drug stores that sell entertainment product have a different kind of marketing sense. The customer who will buy a CD or DVD at a supermarket, is not likely to be the same customer who goes to a specialty store. "As we know, supermarkets and generalists, who claim to be music retailers, are really nothing of the sort, and don't have the same passion or the inclination to accommodate and grow the demand for such premium product. Unless it's a top 40 chart CD that they can sell easily and at a discount, they're generally not really interested," Castaldo adds.

What about the single CD or DVD? "Record labels are putting their money in the wrong place. Boxed sets only fill a small market. Flimsy packaging is helping to kill the single CD," says Gorman, whose new label has re-released classic titles such as David Allen Coe's *Penitentiary Blues*. "Ask yourself, 'if I can go on iTunes and download the CD for \$9.99 and I have a printer, why should I buy the CD?' Only a small percentage of people really notice the difference in sound quality from a CD versus a download. Labels should be putting money into the individual CDs to sell them."

Budgets, shapes and sizes

The cost of putting out a special package beyond the traditional jewel case is variable. However, Gorman said, the difference could be as little as 25 cents. What he has typically found is that while the cost of finished goods on a traditional jewel box and an 8-page booklet is about 95 cents, he has given packages a special edge for as little as a \$1.30. The key, he said, is to shop the vendors for bargains.

At the time of this writing, Cheryl Pawelski, head of catalogue development for the



HMV's racking accommodates various pack sizes

Concord Entertainment Group, was working on the package for *A Charlie Brown Christmas* audio CD, but admits working on a special package for a single CD is rare, as this title is just something really special; the quintessential Christmas record. "When it comes to your standard single disc, you don't have a lot of choices because that's when the budgets come in. In the reissue world, you have a little more latitude when it comes to box sets and less latitude when it comes to single discs."

Entertainment is the only industry that feels it needs to have sizes and shapes exactly the same, Gorman says. Even with sizes and dimensions set by the retailer, unique products can be created and the dimension barrier can be bent as it is in other industries. "The liquor and cosmetics companies thrive on the packaging differences to make their products stand out on the shelf." He also compares books. A CD shelf in someone's home is boring. It's all the same. "But, when you walk into someone's house, the bookshelf is beautiful, and you notice what books someone has. The titles leap off the shelf because they are different sizes and shapes."

Case in point, Paramount is about to re-release *Grease* in a special package for this holiday season. Mike Grembowicz, manager, creative services, says putting the DVD inside a black leather jacket was the one and only idea that worked. While the package is just about the same size as a DVD case, it jumps off the shelf. On the music side, Pawelski designed a package for *Well Matched*, a CD by Merl Saunders and Jerry Garcia. "Some of the material comes from shows they did at the Keystone in San Francisco. At the time, they



Paramount's *Grease* jackets keep the DVD footprint to a minimum



Rhino is working with retailers to come up with different physical and online displays for their ambitious packages



made a promotional matchbook for it, so when I designed the package, I just flipped the Digipak on its side to make it look like a matchbook. Something unique signals that this release is important, but I still stayed within the parameters," she says.

Jo Ann De Collibus of Ivy Hill explains that on the DVD side, she has seen an increase in bells and whistles on the lower end in terms of single and double set releases and more demand for lenticulars and specialty o-cards, for example. While De Collibus says she doesn't work directly with the retailers, her customers do, and they have to keep restrictions in mind when putting a package together. The first thing to consider when creating a package is how many discs will be included and whether or not the product is retailer specific. "We try to ask about limitations before we start so that we are not totally out of the ballpark. Sometimes our customers don't know all of the factors up front."

De Collibus sites the example last year of the Warner Brothers' *Friends* box set, which

"Of course, merchandising can be a little challenging at times, but we have versatile racking and store design and, ultimately, this is what we're here to do – sell music and entertainment products"

incorporated all 10 seasons. "Apparently, Target and K-Mart wouldn't carry it. Warner Brothers has come back to us now, to redesign that package. Originally, it was probably a foot and a half by 12 inches deep. It was just too big to rack it. Now, we've created a specialty box that is smaller."

Brian Schuman, vice president, sales and special packaging, Shorewood, says, "Occasionally, we'll create a special package and the studio will also want a deluxe special package, then a standard package. I expect a trend toward that three-tier approach to grow. I get a lot of questions from the designers....internal record company designers and freelance designers....looking for different ways to do interesting things. With special boxed packaging, there is more leeway, but with single CDs, most requirements are still within keeper sizes, at least for the major labels. The indie labels seem not to be as defined by rules."

Gorman warns about the problems that a three-tiered approach can cause, however. "It's harder to get special packages into stores because retailers don't want to spend money on two different packages, especially if there is a \$10 price difference."

Retailer advice to content owners

While many retailers were reluctant to share information about their relationships with studios and record labels, HMV's Castaldo offers some important considerations to keep in mind for those involved with packaging design:

- Target the right products. There is a significant demand for premium, collectable packaging, but only for artists that have a loyal and regular fan base, such as The Beatles, Elvis, The Rolling Stones, Led Zeppelin, David Bowie and so on, or for those acts or products which have some kind of iconic or cult appeal.
- Consider also the time of year – premium packaging often lends itself to the gift markets, ie, Christmas/holiday seasons, Valentine's Day, Mother's Day, Father's Day, and so on. Or perhaps the release can be tied into the anniversary of an artist or music genre, ie, 200 years of Mozart or 30 years of Punk.
- Finally, develop a good relationship with specialist retailers and their key buyers. Usually they will have a great commercial feel for likely demand and what will sell, so let yourselves be guided by them and then develop the marketing and promotional activity in tandem, if you can. ●