

Album Graphics, Inc (AGI) was best known for its innovative LP cover designs. Formed in 1968, the company put its stamp on the music packaging business with notable designs such as The Faces *Ooh La La*, and in the CD age, REM's *Automatic for the People*, and Frank Sinatra's *Complete Reprise Studio Recordings*. But it is a mid-1980s invention that continues to hugely successful – not to mention profitable – for AGI Media, now owned by MeadWestvaco, as well as a great product for content publishers worldwide.

The Digipak, according to the US Patent abstract, “comprises a package for a compact disc formed from a prescored, preprinted unitary blank or sheet and at least one injection molded plastic compact disc holder.” While that may not sound exciting, the Digipak has offered creative directors around the world an opportunity to put their imprint on their respective media packages in a more unique way than so-called standard packaging.

The Digipak story starts back in the in the mid-1980s. At that time, CDs were starting to make their mark as the new medium for music, replacing the vinyl album. Significantly smaller than a vinyl album, CDs required an entirely new packaging solution. The jewel box quickly became the standard music packaging solution at that time, one that both record labels and consumers alike loved at the time.

But there were still a few people less than enamored with the Jewel Box. Some of the few – namely, Jim Ladwig, Don Kosterka, Gary Mankoff and Richard Block – resided at AGI. For AGI, a company built around its creative designs of vinyl album covers, the Jewel Box simply did not cut it. “A 5-inch by 5-inch piece of plastic with paper insert really seemed to diminish the artistic value, not to mention a diminishing of packaging revenue to us and our competitors,” said Mankoff, who spent more than 25 years with AGI before retiring earlier this year. He continues on as a consultant to AGI Media, however. “We saw the need for an alternative package.”

So, AGI went to work developing such a package. “We were fooling around with all types of packaging,” said Ladwig, an AGI co-founder, and recent recipient of the Alex Lifetime Achievement Award for advancing the art of entertainment packaging design. Eventually, AGI focused on marrying paper board and plastic in a solution with the same dimensions as the Jewel Box.

“We worked with an independent design firm, and a molding company in Chicago,” said Ladwig. “There were plenty of issues to overcome, such as the hub cracking and breaking. That was solved as the composition of plastics became more malleable.”

Kosterka filed for a US patent in July 1986, and the patent was issued in December 1987.

Even when the package had been created, there was the issue of coming up with a name for it. “We sat in a room brainstorming names,” said Mankoff. “There were some crazy names put up [on a board], but none seemed to work.” So, the AGI team went back to the basics of what the



Music DVDs often use a Digipak

Digipak – The Standard Alternative Package

Twenty years and billions of units after it was invented, the Digipak continues to offer content publishers a creative alternative to standard media packaging, Tom O'Reilly reports

solution was – a digital disc package. “We just kept rolling around that terminology,” said Mankoff. They decided to shorten digital disc package to Digipak. AGI now had a new disc packaging solution, and a name for it.

Slow start

AGI unveiled the Digipak at a National Association of Recording Merchandisers convention, the show for the music industry in the mid-1980s. The company rented a hotel suite, and invited industry executives to see the new disc packaging option. “We did get a fairly good turnout,” recalled Markoff. “There was some interest, but no headstands were being done.”

Not surprisingly, based on the cool initial reception, AGI struggled to get the Digipak off the ground initially, in large part due to the marketing position it took. “At the time, the Jewel Box was an exquisite, high-end package,” said Mankoff, noting that AGI’s sales plan was to market the Digipak as a direct competitor to the jewel case. “No one was interested in an alternative package at that time, especially paperboard.”

It took some help from an unlikely source. Shin-Etsu, a major Japanese plastics company, saw Digipak advertisements and samples, and

licensed the product from AGI for Japan. Shin-Etsu then sub-licensed Digipak to Japan Sleeve and Ishii Printing, two established companies in the Japanese music industry.

“[Shin-Etsu] thought it would be a great product in the Japanese market where packaging and presentation is extremely valued,” said Markoff. The Digipak was marketed as such, a high end, alternative package, to the Japanese market, and quickly became successful.

“It struck us that this was the way to go,” said Markoff. “That is what we did.” Slowly but surely, the new marketing angle provided results. “We began to get a lot of interest in small runs, but very high quality special packaging.”

That was all AGI needed. Now able to use its creativity, AGI started to gain momentum for the Digipak. “Creative directors got a big kick out of it,” said Ladwig. “It was a great vehicle.” Releases from Robert Palmer, REM, U2, Robert Plant, Frank Sinatra, and Lou Reed were among the early users of Digipaks in the US, according to Ladwig and Mankoff. Mankoff also noted Island Records as a key initial customer.

Customers have always had to pay a premium price for Digipaks, compared to jewel cases,

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When Stan Stanski (let) and Phil Yarnell tried to register their company name they said "Smay" was an acronym for "Smart Monkeys and Yams". It was rejected, until they insisted it was a "printing term"



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Noble. Other projects included design work for The New York Underground Film Festival. "Ninety nine percent of our work is music and entertainment," Yarnall estimates. In February 2005 they branched into art licensing for an apparel line (www.smaylicensing.com).

Yarnall is somewhat bemused by all that they accomplished. "Neither of us had any kind of business background. In 1993, we were still sharing an East Village apartment in Manhattan with several other friends. And there was only

one computer in the place. We hooked up with an accountant, who told us our overhead was way too low." They eventually moved into office space on 5th Avenue and 20th Street "with a great view of the Flat-Iron building."

Even with the office in the fashionable neighbourhood, the partners were reluctant to expand and hire more staff. They were afraid that it would "add stress," having to worry about such matters as making payroll. And there were also creative reasons not to bring outsiders into the fold. "We're control freaks on the art stuff," said Stanski.

Their creative process often involves taking turns "back and forth" to finish a project. The name "Smay" reflects their typically irreverent leanings. Back when they were in art school, dummy press type they used would leave behind non-sensical words, including the prevalent Smay. "It just rolls off the tongue," says Stanski.

But when the partners tried to register the name, and the registrar asked what the word meant, the cheeky duo responded that Smay stood for "Smart Monkeys and Yams," and they were sent to the back of the line. When they came back to the counter the second time, they convinced him that Smay was a graphic design term for printing.

A few years ago, Stanski and Yarnall each started his own family, and moved to Westchester, a suburb north of New York City. After commuting by train, the partners decided that moving the office closer to their homes was a prudent business decision because rent was enormously cheaper and there were considerable tax breaks.

Since so much of the work with clients is done electronically and distributed via pdf, the Smays realised that a New York address wasn't crucial to their success, especially since they've been able to keep their 212 Manhattan phone number forever. The suburban move seems to have paid off in the early going.

"The last five months have been really busy for us," Stanski sums up. ●

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especially in the early days when there were no automated packaging options. "That is why a lot of the early [titles] were limited edition or boxed sets," said Ladwig. "It was never comparable to the jewel box in terms of price."

AGI decided to license the Digipak to other North American packaging suppliers in order to help grow the market. The three key early licensees were Shorewood, Queens Group and Ivy Hill.

"The customer just went to town" with this new music packaging option, said Mankoff, noting all of the possible ways to create a unique version of the Digipak with multiple panels, colored trays and so on. It quickly became the music packaging alternative to the jewel case. At one point, there were over 1,000 variations of the Digipak, Mankoff said.

Today and beyond

Digipak sales are as strong today as ever. Mike Panveno, VP of sales and administration at AGI Media, noted that with the set back in music sales due to downloading, record labels are increasingly turning to specialty packaging to add value to their releases.

Not only is the Digipak still primary the music packaging alternative, but Digipak variations in the same dimensions of the Amaray box have also become key players in the DVD movie and episodic TV markets.

For example, HBO Video has tapped DVD Digipaks for season boxed sets of some of its hot series, including *The Sopranos*, *Sex and the City*, and *Band of Brothers*, which won an

Alex Award. Universal Home Entertainment has used DVD Digipaks for titles such as *Schindler's List* and *Battlestar Galactica*.

While Hollywood's use of Digipaks for movie releases has slowed somewhat due to declining DVD movie sales, and Hollywood's resulting tightening of its packaging budgets, episodic TV continues to be strong. "Multi-disc sets, primarily for episodic TV, that has definitely become one of the sweet spots," said Panveno.

Just how many Digipaks and sister products have been produced over the last 20 years? "In the billions," estimated Markoff. And that number, whatever exactly it is, continues to grow at a strong clip. AGI Media continues to push the envelope in creating variations of Digipaks and DVD Digipaks better suited for today's quickly evolving media packaging market. "What we have tried to do is increase the flow of innovation," said Panveno.

And while AGI Media continues to own the Digipak and DVD Digipak trademarks, the US patent for the Digipak ran out in July. That is already resulting in a flood of Digipak-style packages as competitors are now able to use the patents, although they cannot use AGI Media's trademarked names without a license.

While there is an obvious downside of not owning the market any longer, AGI Media sees an upside as well. More competition will likely help grow the market for Digipak-style packaging. And as the inventor, no one has more experience in making Digipaks efficiently and cost effectively than AGI Media.

As noted earlier, AGI licenses other manufacturers all over the world to make Digipaks. One of those



Gary Mankoff: "Not many packages have taken on an identity like the Digipak. Today it is probably the most successful alternative package of all time"

companies currently licensed to make Digipaks is New Jersey-based Disc Makers, which both makes and sells Digipaks to its customers. In fact, 15% of Disc Makers' audio packaging revenue comes from Digipaks. Tony van Veen, vice president of sales and marketing for Disc Makers, notes the perception of quality a Digipak offers. "It has got a really nice premium feel to it, which customers and consumers tend to like. It is just a nice, premium presentation."

While the Digipak may still be considered an alternative media package, it is the standard of alternative media solutions.

"Not many packages have taken on an identity like the Digipak," said Mankoff proudly. "Today, it is probably the most successful alternative package of all time." ●