

# Hey shoplifters: I dare you to try to steal this disc

Retail pilferage of DVDs, CDs and videogames is still a huge problem, and the perfect lock still eludes media packagers, but it's not for a lack of trying, reports Dan Daley

**M**uch of the packaging paradigm of the past decade has revolved around the balance between accessibility to the product and the prevention of its loss to theft. Make a package too simple to open and it's vulnerable to increasingly sophisticated shoplifters with X-acto knives trolling the DVD and CD lanes; make them too difficult to open, however, and you risk turning off customers at exactly the moment when both media formats are either declining or levelling off in popularity.

There are no shortages of ideas out there for making media packaging more secure without making it as fearsome as the "oyster-shell" PVC bubble packaging that's used on many small CE products such as flash cards and cables, and

which have engendered lawsuits as consumers rush to emergency rooms after losing the battle to get the razor-sharp-edged packages open. (Electronics website Gizmodo says that hospital emergency rooms report significant increases in deep lacerations from product packaging during the week after Christmas, and Consumer Reports has established their Oyster Awards, shaming the creators of the hardest-to-open packages.)

The problem is getting traction for them at a time when a nearly absolute consensus between studios and content owners, retailers, replicators and packaging automation developers is necessary, and doing it without adding to the cost of the packaging and thus eating into the profit margins of products.

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Packaging manufacturer VIVA thought it had the ultimate solution when it developed in partnership with Clear-Vu the One-Time box, in which a bolt locks the case shut from the inside, keeping it that way until a clerk at the



Nexpak's 'Benefit Denial' system features a magnetic-based locking cap that snaps over the disc into the center of the hub, locking the disc on the hub until it's deactivated at POS



DVD and game product are stolen at twice the rate of music CDs, according to the University of Florida study

point-of-purchase unlocks it using a swipe-operated magnetic de-coupler. The lock remains in the case. The concept has all the right mechanical elements – it’s highly theft-resistant yet transparent to the consumer after the point of sale. It’s also easily integrated into existing packaging automation systems. However, this is where the coalition of the willing tends to unravel.

“The costs of adding the decoupling hardware at the checkout point plus the addition of one more check-out procedure to put on the clerks have made many potential users resistant to the concept,” says Darryl Laing, director of business development for VIVA, in Columbus, Ohio. Despite a substantial market push for the One Time over the last two years, the only major retail market to adopt it is Australia. Laing says new cost-effectiveness studies are underway and that the concept remains valid, but that the experience underscores the difficulty of balancing the cost of security.

(Clear-Vu has another anti-theft product, dubbed the ZenithPac, within which the bolt is removed by the cashier after purchase. It has been adopted by Blockbuster.)

Packaging automation makers evaluate dozens of prospective packaging designs each year, and more of them come with some kind of latch. But the tooling costs are so high that they will wait for some kind of signal from their customers before committing to automation for new designs. While he will make a bet once in a very long while on the viability of a new packaging format, Peter Wardell, president and CEO of Kyoto America, says the rule is not to make a move until a customer does. “You’re not just looking at the

package; you’re also wondering how long the [media] format is going to last,” he says, recalling formats such as MD and DCC that failed despite substantial backing from multinational sponsors, Sony and Philips, in these instances.

### Blu-ray’s new package

One of the few significantly different packages to enter the marketplace in the last year is high definition packaging. One of its developers, Nexpak, collaborated on the creation of the

if they wish, as could second-hand resellers.

Kaiser says the vetting and approval process for the latch and case was complex, with significant input at the studio, replicator and retail levels. Sony Pictures initially launched the case specifications with other major studio input that have adopted Blu-ray as their format of choice. Still, Kaiser adds, the process of integrating high definition packaging into a wide range of automation systems is ongoing. Key points are that the security latch is a molded part of the case itself, which means that it does not add to the manufacturing cost, and that there are no parts independent of the case itself.

Other secure locking mechanisms have been in place for some time and undergo occasional refinements based on changing retail need and market feedback. Nexpak’s SecureCase is a legacy security system to DVD renters, requiring a proprietary mechanical release mechanism to remove the security clip from the opening side of the case.

“Video rental tends to have less of an issue with the cost of security enhancements to the case,” says Kaiser. “The loss of a single disc at retail means that disc is gone once; the loss or damage of a disc at rental, though, means a recurring revenue source is gone. So some additional cost with regards to a durable, more secure case is worthwhile to them.”

The latch on the Super Jewel Box might be the longest-running of them all; the locking clasp has been in use since the mid-1990s. Andrew Schuurs, vice president and general manager at Super Jewel Box USA in Orange, California, says the design is intentionally two-handed, both to make the latch drop-resistant and to thwart unwanted disc removal. Ironically, improvements have been made mainly to making the Super Jewel case easier to

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Sony-approved Blu-ray case and is the designer of the center locking “Stow-Away” latch, which after purchase becomes the finger well of the case by snapping the latch into the tray side of the case when case is first opened. “The driver on this was the film studios and retailers,” explains Shelli Kaiser, Nexpak’s executive director of marketing. “Since it’s for a new media format, everything had to be considered strategically from many perspectives throughout the supply chain.” The latch is simple, yet sufficient to slow down surreptitious box-cutters but not daunting to consumers, who can also reuse the stowed latch

open. “When the box first came out we displayed it at a trade show and had three or four people in the booth all trying unsuccessfully to get one open,” he recalls. “It’s gotten much easier for users to open – but not for thieves.”

No one realistically expects to completely eliminate retail shrinkage of media products. What can be achieved, though, is a better synergy of existing tactics, with an emphasis on securing the box that contains not only the disc but also the EAS anti-theft tags that activate if a package is taken from a store without having its sensor neutralised.

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A University of London study in 2002 found that twice as many DVDs and videogames are stolen in retail stores at twice the rate of CDs

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The stakes are significant: a University of Florida study conducted in 2002 estimated that between 1.9% and 2.16% of sales of entertainment software are lost each year to shrinkage, with DVD and game product stolen at twice the rate of music CDs. Yet retailers and content owners alike want to see product displayed more prominently at a time when sales of DVDs and music CDs are in decline. Wal-Mart, for instance, has moved to an "open sell" display configuration for much of its DVD media in the last year. The visibility that latches and locks provide are useful compromises between the more subtle threats offered by source-tagging and the obvious "keeper" packaging that keep cases from making the crucial tactile connection with consumers.

Perception counts. Nexpak's Kaiser says the SecureCase was designed to convey an image of strength, with double-walled construction on all closing edges. "The thing is to keep it simple for the retailer but make it ever harder for would-be

thieves by combining elements such as simple latches to more advanced technology solutions," she says. A recent initiative by Nexpak is the somewhat clinically named Benefit Denial system, a magnetic-based locking cap that snaps over the disc into the center of the hub, locking the disc on the hub until it's deactivated at point-of-sale. The name derives from the fact that the locking cap cannot be removed without damage to the disc and case, thus denying the benefit of the theft. It

Other packaging developers prefer to use combinations of more passive approaches. Biddeford, Maine-based Sagoma Technologies' Digital Book product uses a strap to enclose cases in multi-disc sets, and then place them into five-sided sleeves, which are then overwrapped. "That's three stages of security for the disc, plus the fact that it's a bulky package and difficult to sneak out of a store," says Sagoma president Tony Gelardi.

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is a similar concept to ink dye security units that are used at retail on clothing. The Benefit Denial case allows for the addition of RFID security units that are housed inside the case, and has three frequency variations available to accommodate most rental store security systems.

Tamper-evident packaging is regarded as more pragmatic than tamper-proof for media. Univenture's UniKeep can seal a disc into a plastic sleeve even as the sleeve itself is being formed, using the company's U1000 hardware. "Retail security can detect shrinkage patterns created by the evidence left by tamper-evident packaging," he says.

The Super Jewel Box was initially deemed to be too difficult to open; now ironically they're being made to open more easily

"Packaging is all about deterrence."

Case security has to work in conjunction with other, interlocking security methods at retail, case developers agree. But the devil is always in the details, which involves getting numerous entities from sectors including retail, distribution, manufacturing and content all on the same page and without the kind of sticker shock that's all too prevalent in an industry with tight margins. "There's lots of solutions out there, many of them very good," says Kim Sorenson, president of Scanavo in Calgary, Canada, who recalls his company's lengthy and uphill effort to introduce a rosette-based locking security mechanism into wide use. "The real problem is getting everyone to agree on what to use at the same time." ●