



Issue: 1Q15

Letter from Bryan Ekus, President, Colonial Purchasing Co-op

Happy New Year! I hope everyone had a wonderful holiday season.

Welcome to the second edition of the Colonial Purchasing Co-op newsletter, Physical World. The beginning of a new year is always a good time to take stock of what we can do to improve our business, and try things that perhaps will take us in new directions in 2015 and beyond.

Our upcoming annual meeting in Orlando in March 23-27 (event and travel details on this page and page 2) will no doubt give you new revenue-generating and cost-savings ideas, as we trade notes on how to make physical media remain relevant in the digital age.

In Orlando, we'll be able to catch up with old friends, and meet new suppliers at NPE, the world's largest plastics exposition.

Soon our website at www.colonialpurchasing.com will have been substantially revamped to better serve the needs of Colonial members. Please check it out in the next couple of weeks and let me know what you think by emailing me at bryan@colonialpurchasing.com.

This past December we all watched in equal doses of horror and wonder the very public hacking of Sony Pictures. Sometimes real life is stranger than fiction – even in Hollywood!

But what happened to Sony should be a wake-up call to anyone who is a guardian of others' (not to mention our own proprietary data and records) intellectual property – like us media manufacturers. If you have one New Year's resolution, perhaps it should be asking yourself this question: Is our data as secure as we would like?

See you in Orlando!

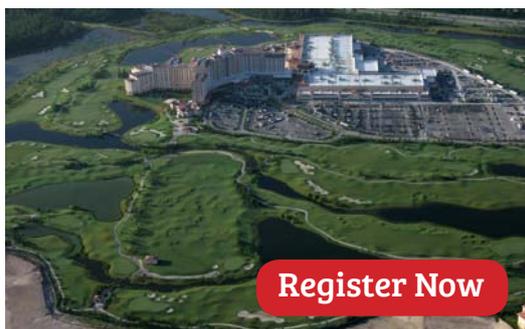


Annual Meeting Co-Located at NPE 2015 March 24-25, 2015 in Orlando, FL USA

Colonial's annual meeting this year will be held March 23-27 in Orlando, Florida, in conjunction with the NPE 2015 Show, the world's largest plastics exposition, conference and technology exchange (www.npe.org).

More than 60,000 professionals from every spectrum of the plastics industry and its vertical markets are expected to attend the convention, which is being held at the Orange County Convention Center. Colonial Members and Sponsors are welcome to register free of charge using CP2015 discount code via this link: www.regonline.com/Colonialannualmeeting2015

[Click to Register](#)



Register for Special Room Rate at Colonial's Official Meeting Hotel

We have a limited number of sleeping rooms on hold for \$235 USD/night at the Rosen Shingle Creek Hotel, Orlando. Reservations are suggest to be made as soon as possible:

Steven Gottlieb - Expovision
gottliebs@expovision.com
+1.703.770.3959

Abby Takele - Expovision
takelea@Expovision.com
+1.703.770.3965

Membership Invoices

Here's a gentle reminder for you to pay your 2015 Colonial Purchasing Co-op membership invoices if you haven't already.

3 Discs for the Price of One On Demand

Redbox has come up with a tagline that makes a strong economic case that physical disc rental has a major cost advantage when compared to on-demand movie alternatives.



Redbox has rented through its network of self-service kiosks more than 3.7 billion DVD, Blu-ray and videogame discs and is available at more than 35,000 convenient locations.

Platinum Sponsors



Silver Sponsors

Orlando Annual Meeting Agenda



[Click to Register](#)

March 24, noon tee-off

Colonial Golf Event registration

at Rosen Shingle Creek Golf Club \$135 per player

Sabic Customer Event

(Registered Colonial Members invited)

7pm-9pm at Hyatt Regency Hotel,

9801 International Drive

Orlando, Florida, USA, 32819

Tel: +1.407.284.1234

March 25, 2015

Colonial Member Meeting

Orlando Convention Center - **ROOM W306**

9:30am-1:30pm

Colonial Member Lunch

11:30am-1pm

Orlando Convention Center

Colonial Discovery Conference Cafe

1pm-6pm

Orlando Convention Center

Colonial Cocktail reception

7-8 pm

Location – TBA

Colonial Dinner

8-10pm

Location – TBA



Complimentary NPE Expo Admission

Use this [Guest Pass for complimentary registration](#) and you will receive admission to NPE2015's Exhibit Halls, Specialty Pavilions, Exhibit Floor Theaters, and shuttle service between host hotel and the Convention Center.

Colonial's World Discovery Café

Date: March 25, 2015

Time: 1:30pm to 5:00pm

Orlando, Convention Center, Rm. W306

"Colonial's World Discovery Café" is the annual meeting forum to tackle collectively critical issues facing our industry through a series of rotating roundtable discussions. The event is designed for Colonial members to share knowledge and solutions, forge personal relationships, and create new possibilities for action.

Seventy individuals are expected to participate in the café, three-and-a-half hours of topic-specific conversations. Every 15 minutes participants will move onto a new group. Here's how the event will proceed:

- Upon arrival, each participant will receive his or her individual table schedule. The schedules will be randomized to promote networking and avoid pairing with people with whom they are already familiar.
- Each table will be assigned challenging, thought-provoking, open-ended questions about relevant business topics, so that participants sitting at each table will be inspired to provide input.
- Each participant will share and discuss responses to the individual questions. Chart paper will be distributed to help participants develop ideas through words, symbols, pictures, etc.
- Each table will have a "host," a Colonial Board Member, who will lead and facilitate the discussions with each newly arrived group to bring them up to speed on what had been previously discussed on the topic by the earlier groups.
- All discussions related to the question must be done within the allotted 15 minutes, so we stay on schedule.
- When time is signaled, everyone moves (except each host) to the next table according to his or her schedule.
- Towards the end of the afternoon, all the groups will have had an opportunity to thoroughly consider and share thoughts related to the questions.
- Before the end of the session, each host will relay to the entire group the information and conclusions reached by each table.

Co-op News

Colonial Gains 3 New Members

Colonial is pleased to announce three new European members:

SNAdisc – France: The replication company employs 170 professionals, and has a daily capacity of producing more than 650,000 discs (CD, DVD and Blu-ray). Its sales office is in Paris, and factory in Tourvouvre.

Media Industries – France: The company was previously known as kdg France. The assets of the group were purchased by its local management, along with a new group of investors.

OK Media – Germany: One of Europe's largest and longest established physical media manufacturers and fulfillment service providers, OK Media presses, prints, assembles and dispatches up to 320,000 CDs/DVDs per day at its production site near Hamburg. It has sales offices in Hamburg, Paris, London and Kolding (Denmark).

Transportation Discounts



Air Travel – USA & Canada

'BOOK EARLY FOR THE BEST FARES!' by clicking www.macnairtravel.com/NPE-2015.html

Book discounted reservations directly with Delta Airlines by visiting: www.delta.com/ and enter NPE2015 code: NMJZQ

Book discounted reservations directly with United Airlines here:

www.united.com/web/en-US/apps/booking/specials/meetings/default.aspx and enter NPE2015 code ZT9D267663

For personalized service, you may book with MacNair Travel's dedicated consultants via telephone +1.877.299.7117 and/or email atnpe@macnairtravel.com for an additional fee per ticket.

Air Travel: International

SAVE UP TO 20% ON TRAVEL WITH THE STAR ALLIANCE™ NETWORK: STAR ALLIANCE 
<http://conventionsplusbookings.staralliance.com/trips/StarHome.aspx?meetingcode=UA12S15>

Participating airlines for this event are: ANA, Adria Airways, Aegean Airlines, Air Canada, Air China, Air India, Air New Zealand, Asiana Airlines, Austrian Airlines, Avianca, Brussels Airlines, Copa Airlines, Croatia Airlines, EVA Airways, EgyptAir, Ethiopian Airlines, LOT Polish Airlines, Lufthansa, SWISS, Scandinavian Airlines, Shenzhen Airlines, Singapore Airlines, South African Airways, TAP Portugal, THAI, Turkish Airlines, United.

Car Rental Discounts

<http://www.npe.org/sites/default/files/Directory%20Convention%20NPE2015.pdf>
to view discounts and Orlando locations for Alamo, National and Enterprise.

Airport Shuttle Discount

Click here for a \$4 discount on roundtrip Orlando airport shuttle services for NPE2015.

<http://www.npe.org/sites/default/files/NPE2015%20Airport%20Shuttle%20Coupon%20CASH%20RT%20-%2020480910.pdf>

Book your reservation online or present coupon at the Mears Shuttle ticket counter when you arrive at the Orlando Airport.

Orlando Attraction Discounts

Hello Florida! is pleased to offer discounted attraction tickets specifically for NPE2015 visitors and their families to enjoy the many exciting attractions Orlando has to offer.

Click <https://www.hello-usa.com/tickets/spi15/index.asp> to purchase discount tickets for Walt Disney World, Universal Orlando, SeaWorld, Medieval Times, and Sleuth's Mystery Dinner Show.



MEDIA-TECH Approve 2015 Events

The MEDIA-TECH Association held its Annual Members Meeting in Nuremberg, Germany shortly before the year-end holiday break.

As part of the discussions, it was agreed by all the participating members to move forward with the planning of the next MEDIA-TECH Conference Europe in Hamburg, Germany on May 19, 2015.


MEDIATECH
association

The MEDIA-TECH Conference Europe will once again be held at the Mövenpick Hotel and will concentrate on the continued challenges of physical media and will update the attendees on methods to improve efficiencies and lower costs across the media supply chain in order to create a sustainable revenue stream.

This one-day event and industry discussion forum will feature presentations and industry panels relating to the latest in 4K Blu-ray and the possible links between physical and digital media. In addition, there will be ample opportunity for open floor discussion and industry networking.

The MEDIA-TECH Members meeting ended with a lovely tour of the world-famous Nuremberg "Christkindlesmarkt" and a very tasty traditional meal that was sponsored by Singulus and CDA.

www.media-tech.net
for more information

Member News

Spinerger Expands into Manhattan

As Frank Sinatra once sang, "If you can make it in New York, you can make it anywhere."

Colonial member [Spinerger Media](#), of Rochester, NY, has expanded into New York City with a new sales and production office in Manhattan's financial district.

The new location, located on Wall Street, provides additional support to existing customers while serving as a regional hub for additional sales growth in the tri-state area (NY, NJ and CT). In addition to sales and client service, the facility is equipped with media production, printing and packaging capabilities.

"Client demand for creative content delivery services in the New York City area has grown considerably," says Spinerger president & CEO Brian Axtman. "Opening the new office allows us to serve those needs while seeking new business to spur strategic growth."

As part of the expansion, Spinerger has hired a new full-time sales support representative who is responsible for managing the Wall Street office, supporting the Rochester sales team and developing new business opportunities.

"There's such a demand for physical product that we're doing in conjunction with all the digital that it just made a lot of sense for us."

***Brian Axtman,
Spinerger***

The location of Spinerger's New York City office is 48 Wall Street, fifth floor, Suite 21. The office and production space began operations on Nov. 17.

"In this day and age of so much being digital and so much being transferred on the Internet, it was really interesting for us-the dichotomy of how much of a physical presence there still is for the clients," Axtman told the Rochester Business Journal, which covered the expansion in a news article "There's such a demand for physical product that we're doing in conjunction with all the digital that it just made a lot of sense for us."

Securing the Wall Street location was pivotal for business prospects.

"The financial district was great for getting in and out of the city, proximity to our clients and where we see some really big growth opportunity for our business," said Jeffrey Favalo, Spinerger director of sales and marketing.

The article reported that half of Spinerger's client base is in New York State; the rest is spread across the country.

"We've seen demand from all our clients, but it's intensified in New York City," said Jeffrey Mosca, Spinerger general manager.

ADS Group Names Ciriello President & CEO

The [ADS Group](#), of Plymouth, MN, has a new president & CEO in Peter W. Ciriello, who began in mid-November. He reports to J.A. Lagotte, Jr., executive chairman of The ADS Group.

Ciriello has a 25-year association with the media replication and packaging markets. He served as CEO of Carthuplas, Inc., a manufacturer of media packaging solutions, located in South Carolina; executive vice president of Cinram International of Toronto, Canada; CEO of Shape Global Technology of Kennebunk, ME; and managing director of Kao Infosystems Company of Tokyo, Japan.

"I'm excited, and proud to join ADS and to be in a position to build on Mr. Lagotte's successes and those of the very capable ADS team. These are challenging times for all of us in the media manufacturing industry, but being able to leverage the broad base of capabilities and the core strengths of ADS will serve us in good stead as we continue to grow and diversify the ADS business."

Ciriello was formerly a board member of the ITA and the Digital Entertainment Group (DEG) and a former board member and executive committee member of CDSA.

Founded in 1989, The ADS Group began its business as a duplicator of floppy disks for the software industry. ADS has since evolved into a premier provider of CD, DVD and USB duplication and replication services to corporations and content owners. ADS also provides asset management as well as video and audio production services through its Studio 120® division.

Disc Makers Reports '14 Hikes in CD/Physical Media Units, Sales; Book Business Revenue Up 50%

[Disc Makers](#) continues to see success growing its business by focusing on offering new services to its core customer base – tens of thousands of small content creators, reports Tony Van Veen, CEO of AVL Digital, Disc Makers' parent. The company's CD Baby digital distribution division in 2014 saw an 8% unit increase and a 7% revenue increase from selling CDs and physical media through its e-commerce store [www.cdbaby.com](#) and its distribution partnership with Alliance Entertainment. In 2013 the CD Baby began offering publishing, sync licensing, and royalty administration services to its independent artist customer base. YouTube has quickly emerged as a huge revenue generator for independent artists, and CD Baby's YouTube program now contains well over 2 million tracks under management. Finally, the company's BookBaby book publishing division experienced 50% revenue growth in short-run book printing, and it expects to more than double book printing revenues in 2015.

Rainbo Generating Media Interest in Vinyl Comeback

In the U.S., vinyl sales were at their highest since Nielsen began tracking figures in 1991. It's the seventh consecutive year that vinyl has shown an increase (see article on, p. 5).

One of the U.S.'s leading record pressers is Colonial member [Rainbo Records](#), which began operating in 1939. As new formats came and went in the ensuing decades, Canoga Park, CA-based Rainbo stuck with vinyl through thick and thin.

To keep up with demand, Rainbo's 14 vinyl presses are currently cranking out 28 records a minute, 24 hours a day, six days a week.

Lately the media has been calling Rainbo general manager Steve Sheldon for an interview. Among the outlets: NPR, CBS Sunday Morning, Bloomberg TV, and the History Channel. [Hear the NPR segment.](#)

Rainbo still is the oldest and largest in-house manufacturer of vinyl, cassettes, DVDs and CDs.

Industry News

'14 U.S. Album Sales Down 11%; Digital Down 9%; Vinyl Up 52%; CDs Account for 54.8% of Sales; On-Demand Streaming Up 54%

Vinyl sales grew by 52% in 2014 to 9.2 million units (up from 6.1 million in 2013), a bright spot in an otherwise generally bleak U.S. sales picture, reported *Billboard*. Overall album sales declined again last year, this time down by 11% compared to 2013, and vinyl accounted for 3.6% of all album sales, of which 54.8% were on CD.

CDs, which dropped 14.9% compared to 2013, still dominate total sales in country (69.1%) and Latin (81%).

In 2014, just 31 titles sold 500,000 units, with only four of them reaching a million. In contrast, 2013 tallied 45 albums that sold at least 500,000 copies, with 13 of those selling more than a million.

Digital album sales fell, for only the second time, by 9% (106.5 million compared to 117.6 million in the year previous). Digital album sales declined for the first time in 2013, when they were off by 1%.

According to *Billboard*, 41% of all albums sold in 2014 were downloads, the same share as in 2013. In terms of individual tracks, 82 songs sold at least a million downloads in 2014 (down from 106 in 2013 and 108 in 2012), while 25 songs were each downloaded at least 2 million times in 2014 (down from 38 in 2013 and 41 in 2012).

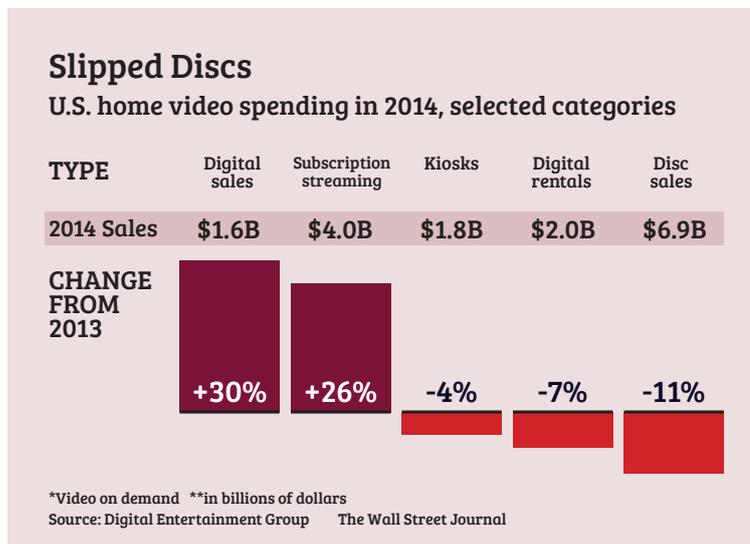
On-demand streaming rose 54% to 164 billion songs, according to Nielsen Music. That increase of 57.5 billion tracks is equivalent

to an increase in album sales of 56.1 million units – a number that exceeds the decline in track-equivalent albums (or TEA, a combination of album and track sales) of 47.9 million units.

Billboard also reported that 57% of all vinyl albums sold in 2014 were purchased at independent stores, while another 36% were shifted through non-traditional retailers (such as Web-based stores like Amazon.com and clothing/lifestyle chains like Hot Topic and Urban Outfitters). A year ago, 64% of vinyl albums were sold at indie retailers, while 30% were purchased at non-traditional stores.

Disc Dominates '14 Sales, But Down 11%

DVD and Blu-ray sales dropped 11% from 2013 to \$6.9 billion in 2014, but also video-on-demand rentals from cable, satellite and Internet providers also fell 6.7% to \$1.97 billion last year, reported the Digital Entertainment Group at CES the first week of January.



After two years of modest growth, overall total U.S. revenue from in-home viewing of movies dropped 1.8% to \$17.8 billion in 2014, compared with growth of less than 1% in both 2013 and 2012, according to DEG, which reported kiosk rentals, such as Redbox, fell 4% last year. But digital sales of movies increased 30% to \$1.6 billion and subscription streaming rose 26% to \$4 billion in 2014, according to DEG's numbers.

The *Wall Street Journal* quoted home video executives who attributed the home entertainment declines partly to weak results at the domestic box office last year.

Nielsen recently estimated that there are still 139 million people that use a DVD or Blu-ray player in the U.S., and household penetration of the devices is still at a relatively high 81%. DVD or Blu-ray player owners still spend 5 hours and 16 minutes a month using those players.

Latest Dead Format Comeback

In the same way that vinyl records started being romanticized in popular culture about 10 to 15 years ago, the latest dormant media format threatening to make a comeback is the audiocassette. What started to be a novelty a few years ago seems to be picking up steam, as independent bands release their new albums on tape once again. The CD soundtrack to the Marvel superhero movie *The Guardians of the Galaxy*



featured a mix tape on its cover. It is also available on cassette. A documentary called *Cassette*, financed partly by a successful [Kickstarter campaign](#) is in post-production, online stores sell just cassettes, and artists make [coffee tables that resemble cassette tapes](#). [Urban Outfitters sells a card](#) for \$7.50 that says "Luv You

More Than This Mix Tape Card" affixed with an actual home-made cassette, and Facebook has a devoted fan page. Speaking of Facebook, check out there ["Physical Media Fans To Have and To Hold."](#)

4K Disc Renamed 'Ultra HD Blu-ray'

News from CES: What formerly was becoming known as 4K will now be known as the new 'Ultra HD Blu-ray' standard, according to Panasonic, which debuted its prototype player in Las Vegas at a press conference. The disc's resolution is 3840x2160, not Digital Cinema 4K (4096x2160). The industry appears to be moving away from the '4K' moniker.

The new discs will use the nascent HEVC (High Efficiency Video Coding) codec, aka H.265, and utilize a transfer rate of up to 100mbps to support pristine ultra-high definition picture quality with low levels of data loss with which streaming Web-based services cannot currently compete. Panasonic didn't announce a street date or model number for the new player.

Editor's Column: Let's Get Physical

By Larry Jaffee

Despite having a ridiculous amount of the world's music at my fingertips through my \$9.99 a month Spotify subscription, I find myself needing more physical product than ever before. Yes, I've always been a music junkie, but Spotify allows for music discovery that while delivers the essence of the music falls short of the complete tactile experience.

Here's an irony. For eight years, I edited a magazine about optical disc replication (*Medialine*, previously known as *Replication News*). Today I find myself re-buying many LPs from my youth, having sold thousands of records and their CD counterparts, following a brief brainwashing a few years ago that digital (iTunes/iPods/MP3) was a viable substitute. Sorry, not even all-you-can-eat streaming Spotify via the phone, laptop and iPad matches the aural analog experience.

That's not to say I have given up on CDs. In fact, recent purchases in the format include: a Miles Davis boxed set of the complete recording sessions of *In A Silent Way*; a European import of an Italian singer named Laura Fedele, who sings Tom Waits songs better than anyone I've ever heard; and the soundtrack to the new movie *Inherent Vice*. Interestingly, all of them are on Spotify, but I coveted the physical product for the car and stereo. A shrunk-down CD booklet's microscopic type generally doesn't come close to the glorious packaging of a 12"x12" LP cover.

I recently asked record label executive Tom Silverman, founder of the pioneering rap label Tommy Boy Records and the *New Music Seminar* (NMS) if he thought the resurgence of vinyl was a passing fad. "Well, it's a six-year fad."

Silverman said consumers like the "touch and feel" of records, which are "collectible and gift-able." Downloads are a shitty thing to give as a gift."

In a Q&A session with the media at last June's NMS, Silverman said he is not aware of any timetable by the major labels to phase out CDs in favor of digital downloads. "There haven't been any discussions about it. If there was I would have heard." He added that in Japan 90% of music consumption remains CDs at the equivalent of \$29 a disc. "They don't believe in downloading illegally [unlike nearly everywhere else in the world]. There's a thing called honor," Silverman said of the Japanese.

For Your Bookshelf

The following three books, all published in 2014, are recommended and should be of interest to readers of *Physical World*.

Renown comic book artist R. Crumb once told me, "Collectors are all creeps. Record collectors are creepier than comic book collectors. There are some really paranoid characters; they're secretive and proprietary. They don't want to let you know their sources. It's a ridiculous thing to do — but it's an addiction."

Crumb is not profiled in *Do Not Sell At Any Price: The Wild, Obsessive Hunt for the World's Rarest 78rpm Records* (Scribner). But our mutual friend John Heneghan are among the collectors who spoke at length with its author Amanda Petrusich. Heneghan trades rare shellac discs to Crumb in exchange for him to [illustrate exclusive album cover art](#). Petrusich waxes poetically about this unique subculture.

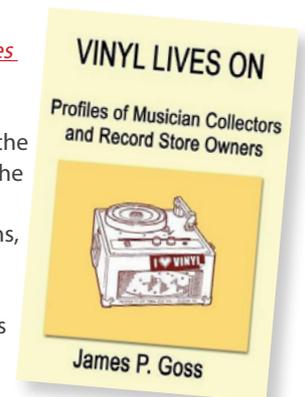
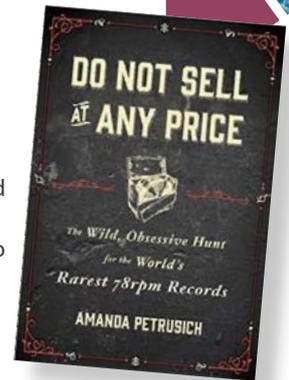
These days there are far more vinyl LP than 78 collectors, and more than 170 other world's most serious are beautifully photographed by Brooklyn resident Eilon Paz in a self-published coffee-table book *Dust & Grooves*. An emigre from Israel, Paz thought it might be fun to start taking photos of people whose record collections were both larger and weirder than his own. Financed through a successful Kickstarter campaign, Paz traveled the world, from Australia to Cuba and Argentina to Ghana, in pursuit of intriguing and memorable subjects.



Also self-published is James Goss's *Vinyl Lives On* (Aventine Press), a sequel to two earlier volumes that looks at the vinyl comeback from the perspective of record store owners across the country and collector musicians, including Henry Rollins, Bill Frisell and Billy Vera. While this paperback lacks the brilliant pictorials of Paz's subjects set against their collections, his website shows photos of some of the featured stores in the earlier books.

"The death of the vinyl record has been greatly exaggerated," writes Goss in *Vinyl Lives On*. "Looking back, it seems ridiculous that digital forms of music would ever fully eliminate vinyl records, or for that matter, other physical formats."

Amen! I'm just glad I never caught the pre-recorded reel-to-reel or Minidisc bug, although I do occasionally pick up an unusual 8-track tape although I no longer have a player. Hey, I still watch VHS tapes and play pre-recorded cassettes!



Recommended Reading:

[The True Story of How Vinyl Spun Its Way Back From Near-Extinction](#)
Dec. 17, 2014, Billboard

[Is The Desktop Record Cutter The Future For Vinyl?](#)
Dec. 10, 2014, Synthtopia

[Forgotten Audio Formats: DCC & Elcaset](#)

[The Teachings of Bob Stein](#)
(vintage *Wired* article about the founder of pioneering CD-ROM/Laserdisc firm Voyager and DVD studio Criterion)

[How to recycle old CDs](#)

Colonial Purchasing Co-op Contact Info

Phone: +1 747-777-2081

Email: bryan@colonialpurchasing.com

Web: www.colonialpurchasing.com