

## MARKETPLACE

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# Music Firms Try Out 'Green' CD Boxes

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A compact disk in any other package would sound as sweet—but would it also be harmless to the environment, helpful to retailers and convenient for consumers?

The music industry is squabbling over that question, and consumers are getting a chance to put forth their own views this week, as record-company marketers take prototypes of CD packages to shopping malls in several cities. CD-users are being shown the existing plastic "jewel box" and three other designs: a mostly cardboard package called Eco-Pak and two versions of a hard plastic box that opens like a drawer.

Whatever the consumers say will doubtless be ammunition in what has turned into a Goliath vs. David (and Arthur) battle. The contest pits Ivy Hill, a packaging subsidiary of Time Warner Inc.'s powerful Warner Music Group, against David Cowan and Arthur Herr, two young, un-moneyed entrepreneurs from New York, each acting on his own and each touting a clever package design. The winner's spoils will be substantial: Some 250 million CDs are sold annually in this country.

## Box Within a Box

Since their U.S. introduction in 1982, most CDs in this country have been sold in a box within a box. The hard plastic inner box that stores the disk is called the "jewel box." The outer cardboard box twice the jewel box's size, the so-called long box, was adopted for two reasons: to hamper shoplifting and to enable retailers to display CDs in racks formerly devoted to record albums, thus avoiding extensive store redesign. This outer box is torn off (requiring near-gorilla strength) and discarded by the consumer, creating an estimated 23 million pounds of garbage in 1990 alone.

Ecology-minded artists have been ranting about the long box for several years and last year joined with small record labels to form the "Ban the Box" coalition. A few artists even refused to release their CDs in long boxes but paid a price: Some retailers wouldn't stock Peter Gabriel's album "Shaking the Tree" when it was released only in jewel box last winter.

The "Ban the Box" coalition, environmental groups and even some top record-company executives continue to argue that selling the jewel box by itself is the cheapest, simplest and most environmentally sound alternative. Also, research shows that consumers like it, no packaging factories would have to be retooled, and jewel boxes are the standard in the rest of the world.

But the big U.S. record retailers and wholesalers have repeatedly and vociferously nixed that idea—even though some have mixed feelings about their stance. "Look, the collective 'We' made a big mistake with the long box," says Russell Solomon, owner of the Tower Records chain. "I feel personally guilty when I take CDs home and rip those things off the jewel box. We do want to get rid of that waste, but if we went to jewel boxes alone tomorrow it would cost my company \$5 million to re-rack the stores. It would cost the industry at least \$100 million."

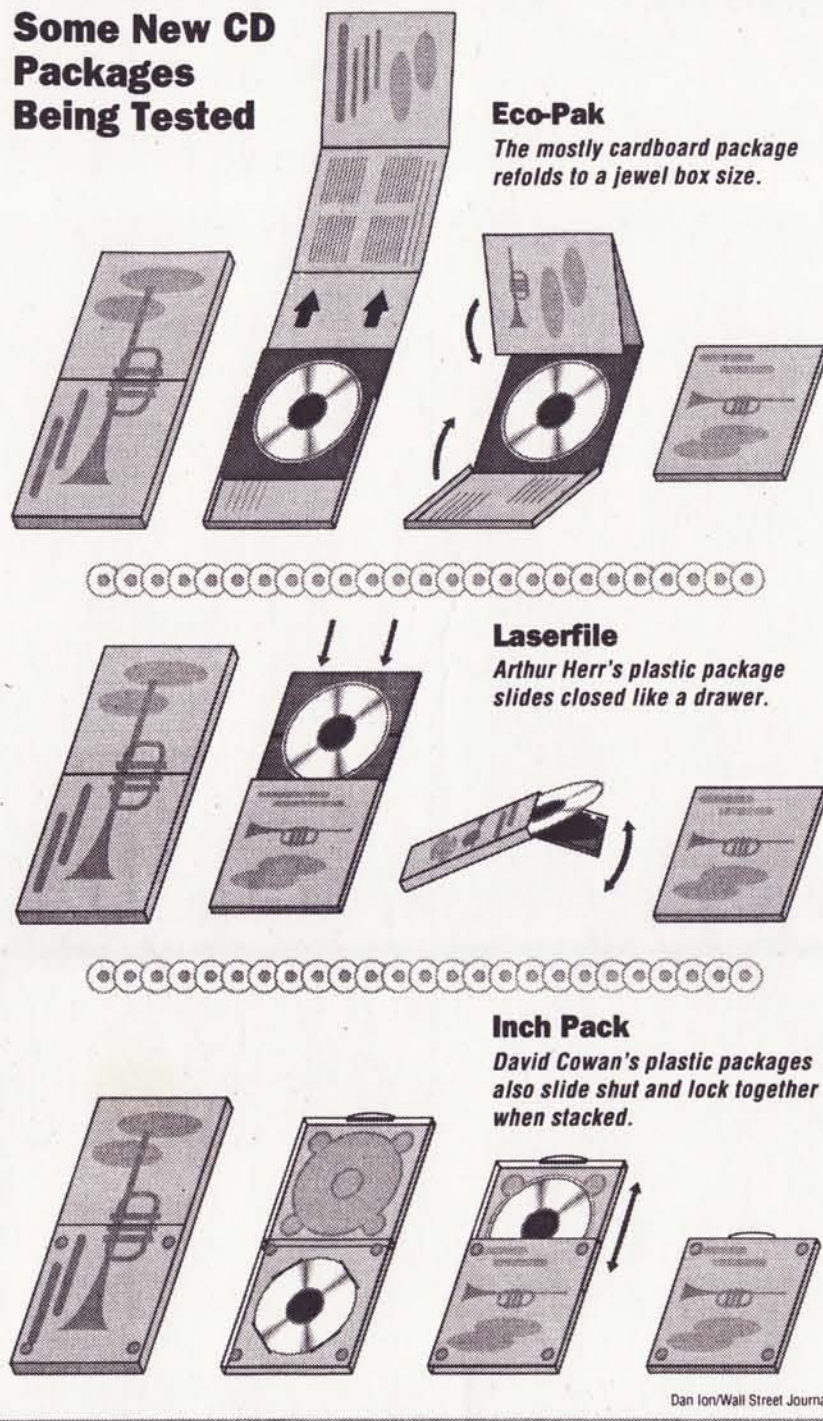
## Infelicitous Timing?

Last fall, the major record companies acceded reluctantly to retailers' demands that any new package duplicate the roughly 5-inch-by-11-inch dimensions of the long box. The other major goal was a CD package without any disposable pieces except the plastic "shrink wrap."

One package that was tried briefly but

## DESIGN

### Some New CD Packages Being Tested



**Eco-Pak**  
The mostly cardboard package refolds to a jewel box size.

**Laserfile**  
Arthur Herr's plastic package slides closed like a drawer.

**Inch Pack**  
David Cowan's plastic packages also slide shut and lock together when stacked.

Dan Iov/Wall Street Journal

rejected was a folded cardboard design called Digitrak, used for Sting's latest album "The Soul Cages." Consumers griped that the cardboard got dogeared with use. But the major reason for dropping the package, record executives say, is that the Digitrak required extra, disposable plastic parts to prop it open for retail display.

Just before an industry convention in March, Warner announced it had a solution, the paperboard Eco-Pak, which, it said, all its labels would adopt beginning in 1992. The timing of the announcement irked several other companies still trying to find a way to use the jewel box alone, especially given that Eco-Pak's creator was a Warner unit and nobody had bothered to ask consumers what they wanted.

"It was like: 'This is what we want, and we're going to ram it down the consumer's throat,'" says Mike Bone, co-president of Mercury Records, a PolyGram label. "It's beyond arrogance."

Warner's response was that it would offer the design to others without royalty

fees and that consumers would be consulted—eventually. (Warner and Sony Music, formerly CBS Records, are conducting the current shopping-mall surveys of consumers.) "I thought people would be delighted with the Eco-Pak. It solves the problems, and it's better looking than anything out there," says Jordon Rost, vice president of marketing and development for Warner Music. "It would be foolish for us to push our package if music lovers dislike it: We're the biggest maker of CDs in the market."

Even some executives at competing labels like the Eco-Pak because the multiple paperboard panels that fold into a long-box shape (for retail) and then refold into jewel-box size (for home) provide more space for fancy graphics than plain jewel boxes. Also, Ivy Hill has continued to refine the Eco-Pak, answering stability concerns by reinforcing the edges with plastic and redesigning the box to shut with an audible click.

But just when it looked like Eco-Pak would win by default, Messrs. Cowan and

Herr got their plastic packages to record executives. And these have gotten raves for practicality and good design.

Both men say they had been working several years on their own, mostly out of personal frustration with the existing packages. Mr. Cowan, a 31-year-old engineer who once designed disk drives for International Business Machines, says he made his CD package open like a drawer "because that's the way CD players work." To meet retailer's size requirements, his package, called Inch Pack, can be shrink-wrapped with the drawer open.

Mr. Herr, a 33-year-old partner in a design firm, says he started tinkering with the jewel box because "it didn't seem user-friendly." His patented Laserfile package is also like a jewel box with a drawer that can be packaged open. But it has a hinge folding the bottom down, so consumers can easily lift the CD out. "I feel that over time, sanity prevails, so this has a chance to be the industry standard," says Mr. Herr. He says his design is cheaper than a plain jewel box and will be made "from 100% recycled consumer plastic."

Claims, counterclaims and lobbying by outside interests have reached such a fever pitch that it's hard to determine which option is least costly, let alone least harmful to the environment.

The jewel box alone (with a booklet inside) is probably cheapest at 33 cents, but it's hard to get firm prices for the new options. Ivy Hill says Eco-Paks will cost about 43 cents each, but graphic flourishes on the package could add a lot to that. The respective costs of the two entrepreneurs' packages aren't known.

Environmental comparisons are thornier still. At a panel discussion at last week's New Music Seminar in New York, an annual industry convention, audience members bluntly demanded to know which package is best ecologically. Scott Sanderude, market manager for Dow Plastics, which makes plastic for jewel boxes (and which has financially supported Mr. Cowan's Inch Pack), admitted "no proper study" has been done yet but said, "We're working on it."

## Rumblings From Hollywood

Arthur Kern, executive vice president of Ivy Hill, says his company is working on a process to recycle both the paperboard in an Eco-Pak and the plastic tray on which the CD rests.

Nonetheless, an environmental group in Hollywood that examined the Eco-Pak at Ivy Hill's request has refused to endorse it, partly because the company won't promise to recycle the cardboard in every Eco-Pak. (Mr. Kern says each recording artist must make that choice, and the recycled material is "less sturdy.")

Bonnie Reiss, who heads Earth Communications Office, says the Hollywood group hasn't seen a Laserfile or Inch Pack; but unless they are better than jewel boxes environmentally, she says, the group will endorse existing jewel boxes only. "Just because new money can be made with new packaging doesn't mean it's best for the environment," says Ms. Reiss. "If we can't find something better, we'll line up as many artists as we can to demand jewel box only [from their labels]. If enough stars demand it, the labels will have to comply. And so will the stores."

Jewel-box fans had better lobby fast: Most of the record industry is intent on picking a new package soon. Results from the consumer tests that just began are expected by September, and insiders say whatever new package gets picked could hit stores starting in early 1992.