



Philly Meeting Gets High Marks



PHILADELPHIA – Colonial Purchasing Cooperative’s annual meeting here in early May received high marks from attendees, who praised the proceedings as striking the right balance between gauging the industry’s pulse with informational sessions and networking opportunities.

Special events included tour of the facility of nearby Colonial member Discmakers, and some recreation riding Segway scooters, and of course, a golfing outing (see photos on page 3).

A survey of Colonial members found that 28% of respondents rated the two-day event’s quality “excellent, while 38% chose “very good” and 35% selected “good.”

The length of the meeting was “about right,” according to 85% of the members, while 95% affirmed there is a need for the annual conference again. Other comments included:

- “The Best Event Ever!”
- “More business is conducted over drinks than anything else.”
- “I found the visit to a replication company very interesting!”
- “Meeting with the other members and the vendors is all that is needed.”
- Maybe have replicators sign up to be the host city and have the meetings at their location.
- “Industry needs some type of positive spin.”
- “Same old topics; nothing new.”

Meeting co-sponsor Rimage CEO Chris Heim, who spoke about the new trend of media-on-demand serving the new so-called “On-the-Go” economy said he was “pleased with the level of people in attendance.” (See related article on page 6).



Keynote: Creativity, Innovation & Change

This year’s keynote speaker Hannes Treichl gave a practical guide how to identify and change traditional thinking patterns, how to dance with fears, how to motivate people and how to make better decisions in business and in life.

“Both are connected in a way you can not separate them,” says Treichl, who’s regarded as a social media pioneer.

More than two decades of intensive international business experience has taken him to almost 60 countries and it was a great honor to have him with us in Philly!

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The Master Group

Annual Meeting



Discmakers Field Trip a Worthwhile Visit

Many of us think that if you have seen one disc replication facility, you have seen them all. For the most part this is true, as they all have customer service, replication, and packaging areas.

This is also accurate for Disc Makers but instead they have created a unique way to become much more of an integrated partner with their impressive list of 125,000 customers, which, by the way, pay for their services at the time of ordering.

Our tour started with a notable company overview by its CEO, Tony van Veen, and then we were divided into groups that ran like Swiss clocks. Each employee we met was delighted to share the company's competencies along the way – a great experience on its own.

Disc Makers provides a very impressive one-stop shop, making it easy for their customers to release an album, publish a book, or distribute their creative content online and off.

While their products have evolved with the times, from vinyl to CD, merchandising, and beyond, Disc Makers' mission continues to be the same: Empowering independent artists to pursue what they love, and this will continue to be their formula for success.


CD AND DVD MANUFACTURING MADE EASY

Scenes from the Spring Colonial Conference



Connie Comeau, ADS Group & Steve Sheldon Rainbo Records



Networking Evening



Michael Hosp
kdg mediatech



Disc Makers
Customer
Collage



Jean Laggot Peter
Stone Tom Hinton,
ADS Group



Farewell Dinner



Segway
Tour

Industry News

Traditional Media Still Accounts for 2/3+ Of Consumption, But Mobile Catching Up

Despite the rapid rise of the Internet, traditional media will still accounts for 69% of global media consumption in 2017, according to Zenith's Media Consumption Forecasts. Zenith considers traditional media to be printed newspapers and magazines, broadcast television and radio, cinema and outdoor advertising (although it doesn't track physical media).

Businesses that operate in these media sectors with online versions of their operations are counted as Internet operations in the report.

This is the third annual edition of the Media Consumption Forecasts, which surveys changing patterns of media consumption since 2010, and forecasts how the amount of time people allocate to different media will change between 2017 and 2019, in 71 countries across the world.

Even though traditional media consumption has fallen 13% over the last seven years, traditional media owners will have recaptured some of this lost time on the Internet. People will spend an average of 316 minutes a day with traditional media this year, down from 364 in 2010.

Mobile Internet use will account for 26% of global media consumption in 2019, up from 19% in 2016. People around the world will spend an average of 122 minutes a day accessing the mobile Internet via browsers and apps, an amount that has grown from just ten minutes a day since 2010.

Zenith forecasts that 71% of all Internet consumption will be mobile in 2017. The regions that have embraced mobile Internet use the fastest are North America (where 76% of internet use is mobile) and Asia Pacific (75%).

Traditional, broadcast TV is still the largest single medium by consumption time, averaging 170 minutes of viewing per day this year, compared to 140 minutes for the Internet, and we expect it remain dominant for the rest of our forecast period. The gap between television and Internet consumption will narrow, however, from 30 minutes in 2017 to just seven minutes in 2019.



Record Store Day 2017 Sets Records Again

The tenth annual Record Store Day (RSD) was a huge success in the U.S., reports BuzzAngle, a service of Border City Media, a New York-based music technology company that analyzes entertainment consumption and related trends.

Vinyl Album Sales on Record Store Day (4/22/17) at Independent Music Stores were up 2,606% compared to the previous Saturday (4/15/17). Vinyl Album Sales on Record Store Day (4/22/17) at Independent Music Stores were up 14% compared to Record Store Day 2016 (4/16/16).

Overall Album Sales on Record Store Day (4/22/17) at Independent Music Stores were up 1,274% compared to the previous Saturday (4/15/17). Total album sales (combining CD & Vinyl) on Record Store Day (4/22/17) at Independent Music Stores were up 6% compared to Record Store Day 2016 (4/16/16).

The best-selling, special RSD limited-edition release was a previously unreleased Grateful Dead concert in 1966 in Vancouver.

Colonial Golf Tournament Results

The winning team with a score of 73 included Charles Schredder, Chris Manzione, and Chris Heim. Finishing in second place with a score of 75 were Pat Reagan, Thomas Hinton, Craig Conti and Hames Treichel.

Chris Manzione also hit the longest drive, while Fred Perez won the contest closest to Pin #8 at 20' 9" from the pin.

Industry News Cont.

Polycarbonate Trends: U.S. Prices Fairly Stable

Shrinking optical media demand is a large headwind to polycarbonate (PC) growth, explained IHS Markit senior analyst Paul Blanchard, Senior Director who tracks plastic production in the USA at the annual meeting conference in Hamburg on May 16.

Among the highlighted trends:

- The Americas responsible for 15% of global PC demand
- Optical media accounts for 11% of global PC demand by end use
- China grew to 38% of the global PC demand
- Finished goods exports and China's domestic demand have driven growth
- Earlier capacity additions were ahead of global demand growth
- Oversupply led to falling margins
- Rationalization of plants in the US, Singapore, Japan and Brazil
- Supply/demand balance reset
- High industry concentration
- Top 2 suppliers responsible for more than 50% of capacity
- New Chinese suppliers have entered the market



From left to right, Bryan Ekus, Sven Deutschmann, Frank Hartwig, Sylvia Hitzel & Michael Hosp

Media-Tech Appoints Sonopress CEO to Board

During the Media-Tech Association member Meeting in Hamburg, Sven Deutschmann, CEO of Sonopress GmbH, based in Gütersloh, Germany, was elected to become a member of the Executive Board of the MEDIA-TECH Association.

"We appreciate very much that with Sonopress one of the major players of our industry is active in the Executive Board," comments Frank Hartwig, chairman of the MEDIA-TECH Association.

The executive board is rounded out by: Michael Hosp (CEO of kdg mediatech, of Elbigenalp, Austria); Dieter Lubberich, (VP, distribution operations of Sony DADC International); Sylvia Hitzel (VP, marketing & sales of Singulus Technologies AG, of Kahl/Main, Germany); and Bryan Ekus (President of Colonial Purchasing, USA).



Familiar Name Looking to Buy Your Scrap

Colonial Purchasing Cooperative members probably remember Scott Anderson (pictured) from his days selling polycarbonate for SABIC.

He left there after about a decade towards the end of 2015, and soon thereafter resurfaced as president of Polymer Resources Ltd. (PRL), which for the past 43 years has a leading global supplier of UL and non-UL thermoplastic compounds to industries, with the exception of optical media, until hopefully now.

"We don't do anything in that sector," explains Anderson, who's looking to buy your scrap OQ sprues, runners, parts and other de-metalized materials.

"[PRL] is a compounder; we have a post-consumer line and looking for post-industrial products," Anderson explains.

Contact Scott Anderson at:
Email: SAnderson@prlresins.com

Phone: 413-329-4759

Web: <http://prlresins.com/>

Industry News Cont.



SABIC's Joe Miller Retiring

Joe worked for GE / SABIC for 40 years in several position including manufacturing as a plant manager of SABIC Burkville Alabama plant, marketing and of course sales (Sales Director for SABIC Classic Segment – Americas). His final assignment was as Distribution Director – Americas. On the occasion of his retirement, we all want to thank him for his many years of great support of Colonial Purchasing and send our very best wishes for a happy retirement!

Joe & Debbie Miller

Cinram Alsdorf to close DVD Plant August 1st

The DVD manufacturer Cinram in Alsdorf will be dismissing 450 employees and closing the production facility on August 1, 2017.

As the union IG BCE confirmed on Wednesday (14.06.2017), the unfortunate news was due to their main customer has not extended its contract with Cinram.

Since Cinram is in insolvency proceedings, Jörg Erkens of the IG BCE is proceeding from difficult negotiations. The union hopes that the distribution, printing and finishing sectors in Alsdorf will be preserved.

Source: WDR Germany



Thank You to our sponsors!



Company Focus:

Rimage: Media On Demand Serves New 'On-The-Go' Economy

Philadelphia – How physical media manufacturers can take advantage of the new “On-Demand Economy” was the main thrust of the annual meeting presentation here by Rimage’s Chris Heim and Craig Conti.

The virtual overnight success of companies such as Uber and Airbnb that were able to meet unfulfilled needs of consumers is a good business model to follow in the entertainment space as well, they suggested.

Even an established brick-and-mortar retailer like Walmart is realizing that its store can be a fulfillment center for orders made online, and that consumers will happily pick up the merchandise, as opposed to waiting several days for delivery through normal channels.

Similarly, Amazon recently gained a patent to allow Web shoppers to customize clothing to be made on demand, according to specifications at the consumers’ choosing, such as size, color, pattern, etc.

Thirty UPS locations are now equipped with 3D printers to manufacture otherwise unavailable parts whose spec sheets and diagrams are sitting in a massive database.

Such commerce developments represent today’s so-called “On The Go” (OTG) zeitgeist to achieve near if not immediate gratification.

In the optical media space, despite substantial volume declines in recent years at the hands of the disruptive

technology of streaming, “it’s still a massive industry,” Heim said.

“The question is how is [the disc] going to be made,” Heim said, noting that the undeniable trend of average order sizes received by replicators is generally getting smaller.

An increase in short-order runs often results in the media manufacturer duplicating a few customized single discs, depending on the customer, or as many as a few hundred.

The obvious benefits of being able to produce smaller quantities on demand include not having inventory for long periods of time sitting in distribution centers taking up valuable storage space. In addition, retailers looking to reduce lead times appreciate selling merchandise that can be readily replenished according to demand. Finally, having the ability to make-on-demand affords the manufacturer the capability to expand the customer’s product catalog for long-tail content that has been previously unaffordable, noted Conti.

Staying state-of-the-art for entertainment delivery no longer is a matter of huge investment for replication hardware. Advanced duplication

technology is now possible for even a Blu-ray movie on a copy-protected recordable disc. Duplicated CDs are nearly indistinguishable from its replicated counterpart, Heim pointed out.

Rimage is eager to help Colonial members who are sorting out whether to handle on-demand jobs either in-house or outsource the work, which requires both hardware and software, to another company. Both methods have their advantages from managing workflows to content protection to cost-management. Its

Rimage Fulfillment Services (RFS) division now operates fulfillment centers in Portland, Ore., Minneapolis, Minn., and Frankfurt, Germany.

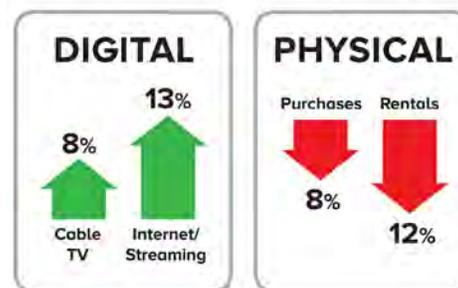
Plans are underway for RFS to partner with companies in Asia and South America to expand the reach of Media On Demand (MOD) orders getting done on two more continents.

Heim notes Rimage can accommodate duplicating not only optical media but other formats including Flash, SD, and HDD.

Market Influences on MOD



5 Year Trends Drive Need for MOD





From left to right, Megan Page, RSD, Michal Štěrba, GZ Media, Alban Pingeot, MPO, Andreas Kohl, Optimal, Gerhard Blum, Sony Music, Michael Schuster, Cargo Records, Manuela Nikele, H'Art

MEDIA-TECH in Hamburg Focuses on Vinyl, Ultra HD Blu-ray

Hamburg, Germany – The members of the MEDIA-TECH Association met here on May 15 and 16 for its 2017 European conference.

Topics of discussion included the further changes in the media landscape, the comeback of vinyl as a physical media trend that needs to be taken seriously, and the latest market developments for optical media, polycarbonate, Blu-ray, and UltraHD TV.

Speakers included executives from major manufacturers, such as Sony DADC and Sonopress, as well as Europe’s leading vinyl record pressers.

Colonial President, Bryan Ekus, who’s also a MEDIA-TECH board member, kicked off the vinyl section of the program with a presentation on the status of the burgeoning vinyl market.

“It’s definitely not a fad after ten straight years of double-digit growth globally as a deluxe product coveted by consumers,” said Ekus, who lamented that vinyl today is physical media’s only bright spot.

Citing figures from the Recording Industry Association of America (RIAA), Ekus noted that last year in the U.S. LPs represented a quarter of physical media shipments, and that order backlogs at pressing plants suggest there are manufacturing

opportunities to be had, while sales just keep increasing.

Vinyl sales in 2016 were the highest since 1989 and represented the highest market share (5.7 percent of all physical sales last year) since 1988. From sales of only \$27 million in 2007, LP sales last year topped \$435 million, a 16-time increase in nine years that reflects a 36 percent average annual increase.

“Not bad for a format thought to be dead and gone not too long ago,” Ekus added.

The European story is similar, reported Alban Pingeot, CEO of the France-based MPO International Group, which is manufactures vinyl and optical discs. The company has made vinyl since 1957 and currently operates 24 presses, which produced 14 million units in 2016.

Although only representing 6% of the recorded music market, vinyl now generates \$1 billion in revenue, Pingeot said, citing Deloitte figures.

MPO believes there are 47 vinyl production plants throughout the world, including 21 in Europe, 18 in the U.S, and 8 in the rest of the world. In Europe, four plants operated



by GZ, Optimal, MPO, and Pallas, account for more than 90% of the continent’s capacity.

Optical media consumables supplier Symcon is even now offering an environment-friendly alternative plastic to toxic PVC to make “green” records, reported Harm Theunisse, who made a presentation about the development.

Funding partners in the green vinyl project include the European Union, the Province of North Brabant, and the Economical Department of the Netherlands.

In Italy, from 2012 to 2016 vinyl sales increased by 330%, reported speaker



Roberto Marsico Gajulli, CEO of Solvisible s.r.l., whose 7 lines produced over 1 million records in 2016.

Packaged media in the digital age must be special and appealing to consumers, urged day 2 keynote speaker Gerhard Blum, Sony Music International head of supply chain/operations, who spoke about challenges to this entertainment sector.

“There will be a residual physical market,” declared Blum. “The value proposition to the customer has to be enhanced,” he said, noting that vinyl does meet that criteria for appealing to a wide range of consumers aged 12 to 80. “Vinyl is growing rapidly. This is a great opportunity!”

GZ Media, of the Czech Republic, claims to be the largest vinyl pressing plant in the world, which it has done since 1951, explained speaker Michal Štěřba, the

company’s president. GZ, which employs 2,000 people, delivers products all over the world, and its 2016 revenue totaled 95 million Euros.

Tapematic’s David Hill wryly ran through his venerable firm’s history through various tape and optical media machinery, and asked the question that anticipated Larry Jaffee’s column in this issue (see page X): “Is it time to push play on audio cassettes?”

Optical discs (CD, DVD & Blu-ray) have lost 50% of the global volume between 2010 and 2015, and another 50% will be gone until 2020, said Sonopress CEO Sven Deutschmann, noting that by 2020, only 25% of the peak volumes of 2010 will remain.

“We at Sonopress see a constant change in consumer lifestyle products, and we expect that demand for 4K Ultra HD content will grow significantly,” Deutschmann said. “The new 4K Ultra HD Blu-ray disc offers the best viewing experiences, and we think that Ultra HD Blu-ray marks the high-end quality standard for home entertainment.”

Ultra-HD TV global sales last year was about 13.7 million sets, he reported, citing Dataxis and Deloitte data. Ultra-HD sets is expected to exceed HD-TV screens sales in 2017. More than 25% of the Ultra-HD TV screens now exceed 49 inches.

In a separate presentation, IHS Markit principal analyst Paul Gray noted the most popular 4K screen size in Europe is larger

“Vinyl is back and attracts a lot of attention. The MEDIA-TECH Conference 2017 was the perfect place to discuss the challenges for our industry!”

than 55 inches. “Consumers understand the link between big screens and UHD,” he said. The amount of UHD content is growing (see chart). Even better quality is available with 8K technology. “North America’s large size preferences support 8K, but there’s little content,” he added.

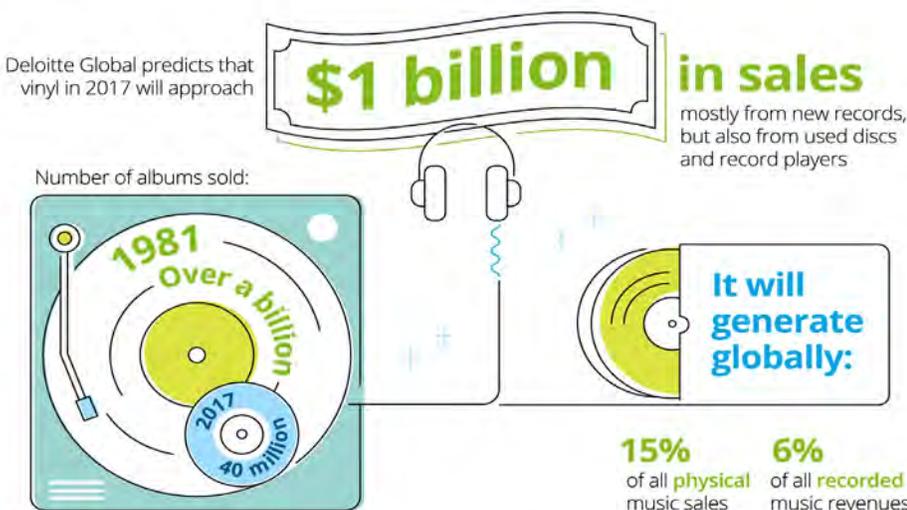
Megan Page, of Record Store Day UK, reported “Vinyl now accounts for 14% of the total albums market and 40 new independent record shops opened in 2016. Vinyl sales surpassed £65 million in the UK. There’s no signs of vinyl sales declining. The 2017 Q1 showed another 30% increase year on year.”

Alban Pingeot, chairman and managing director of MPO: “The future of physical distribution will be decisive. Young consumers look for digital quality. What we need is the same street date for streaming, CDs, and vinyl. We appreciate that the MEDIA-TECH Conference covers now all physical formats, including vinyl.”

Michal Štěřba, president of GZ Media, said: “Vinyl is back and attracts a lot of attention. Product quality is and will be more and more important for the future success and the MEDIA-TECH Conference 2017 was the perfect place to discuss the challenges for our industry!”

All of the Hamburg presentations are available to Colonial members for download at: <https://www.media-tech.net/europe17-hamburg/conference-program.html>. The password is Vinyl2UHD2017.

If you are not a member of the MEDIA-TECH Association you’re invited to join. An application form is here: <http://www.media-tech.net/welcome/association/how-to-join.html>



Let's Get Physical

By Larry Jaffee

This Year's Comeback: Cassettes?!

What's with millennials romanticizing yet another physical format we thought was long past its usefulness as a serious business endeavor?

Walk into any store of the fashionista chain Urban Outfitters and no doubt you'll encounter some overpriced t-shirt adorned with some arty representation of audiocassettes. Wander over to its vinyl records department, and there will be a Walkman knockoff, or maybe a boombox for sale, as well a smattering of new releases on tape. Nielsen's Soundscan reported cassette sales increased 74% in 2016.

Even Sir Paul McCartney, for this year's Record Store Day on April 22, created a cassette-only limited-edition release of three vintage demos he made in 1989 with Elvis Costello. McCartney and Costello thought it was important to make them available in the same form as they were originally captured for posterity. Those tapes are now selling for

as much as \$50 on eBay.

Cassette tapes are at the center of *13 Reasons Why*, the Netflix series that debuted in March, about the mystery behind a fictional teenager who committed suicide. Before she died, she sent 13 audio recordings to specific people who she said played a role in her decision to end her life.

Personally, every time a Radio Shack location announces it's going out of business I ask if they have left any blank cassettes, which I also buy up at thrift stores, because I never became comfortable with recording important interviews with a digital device.

Maybe in the same way, vinyl pressers these days comb the globe for parts to start cranking out records again, a similar



Scene from *13 Reasons Why*

Recommended Reading

What the Vinyl Records "Comeback" Really Looks Like...

<http://www.digitalmusicnews.com/2015/01/20/vinyl-comeback-really-looks-like/>

How a N.J. man is revolutionizing the music industry, one vinyl at a time

http://www.nj.com/entertainment/music/index.ssf/2017/04/in_the_clouds_records_nj_dan_marter_englishtown.html

Nigeria's Afrobeat Music Scene Is Booming, but Profits Go to Pirates

https://www.nytimes.com/2017/06/03/world/africa/nigeria-lagos-afrobeat-music-piracy-seyi-shay.html?emc=edit_th_20170604&nl=todaysheadlines&nliid=62648087

Are Cassettes the New Vinyl? This Could Be the Beginning...

<http://www.digitalmusicnews.com/2017/01/25/cassettes-new-vinyl-latest-shocking-sales/>

Smartphones Overtake DVD/Blu-ray For No. 2 Most-Owned Tech: CTA

<http://www.twice.com/news/cta/smartphones-overtake-dvdblu-ray-no-2-most-owned-tech-cta/65142>

Trump Loves VHS (satire)

<https://newromantimes.com/trump-vows-bring-back-vcr-manufacturing-jobs/>

Colonial Purchasing Co-op Contact Info

Phone: +1 747-777-2081

Email: bryan@colonialpurchasing.com

Web: www.colonialpurchasing.com

Newsletter editor: Larry Jaffee, lsjaffee@gmail.com

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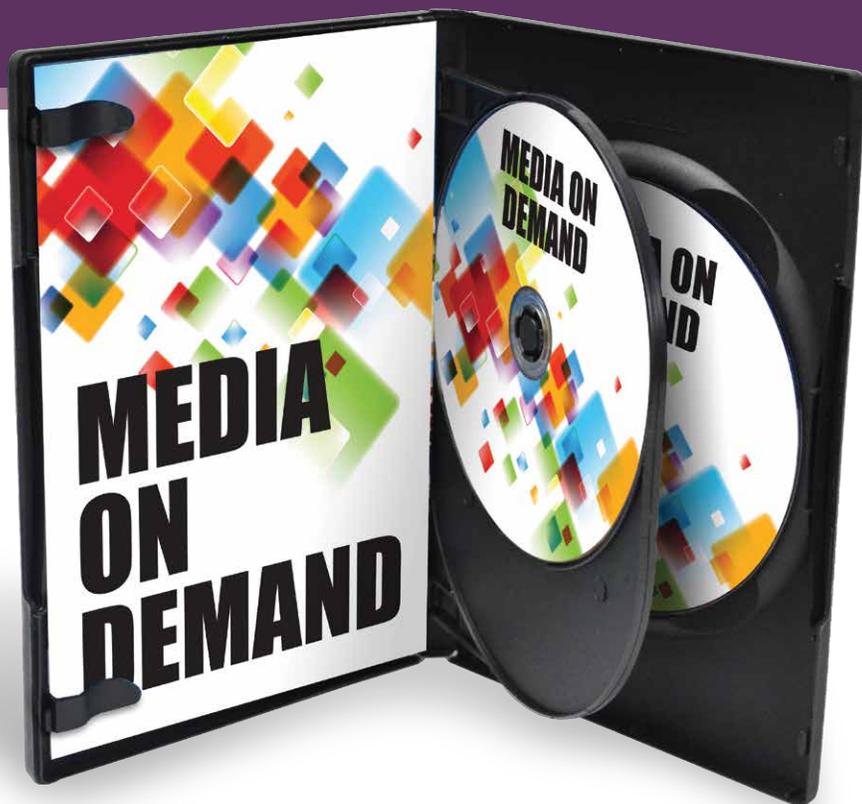
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To see a video animation of the RFS process, please visit www.rimage.com/rfs or click on the picture above.

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