

## DJ IN THE PIPELINE: Ads Could Become Snapshot Favorites

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CHARLOTTE (Dow Jones)--Jill Lubinski won a designer jacket, and she has her cell phone to thank for it.

Last fall, the 28-year-old retail-store manager from Salem, N.H., took a picture of a Calvin Klein advertisement in Jane magazine with her camera cell phone. Moments later, she received a text message telling her she won the jacket.

The fashion ad was part of the rollout of a new technology aimed at making print advertising more alluring to readers. Faced with sluggish advertising sales and increasing competition from other media, a handful of magazines are calling on the cell phone to boost circulation and attract advertisers.

Although she was initially drawn by the prospect of winning free stuff, Lubinski says the process was painless enough that she would do it again.

"As long as you know how to use a camera phone it's really simple. Anyone would want to do it," she said.

Realizing the world is becoming increasingly mobile, publishers of youth-oriented magazines including ELLEgirl, Vibe, Vibe Vixen, PC Gamer and Jane are in the early stages of deploying the technology, which was developed by Mobot Inc., of Lexington, Mass. They say offering new ways to keep readers engaged is a must in an era of increasing clutter.

"We're always looking to reach these older teens girls where and how they live and technology is just so much a part of their lives," said Deborah Burns, publisher of ELLEgirl, a unit of Hachette Filipacchi Media U.S Inc. "Here is a company that marries a common hardware device everybody has with a way to make print magazines more interactive."

Mobot's technology lets a reader snap a picture of a magazine ad and send it to a dedicated email address. Mobot, using automated visual recognition software, sends a text-message response back to the reader in about a minute. The response can be anything from the names of fashion models or detailed product information to the locations of retailers that sell the product. In other cases, the reader might be told to expect a coupon or product sample in the mail, or be entered into a sweepstakes.

The magazines pay Mobot an undisclosed fee for the service, but they say they aren't charging advertisers a premium for ads using the technology.

While new, the technology is reminiscent of the Cue Cat, a digital scanner launched in 2000 by DigitalConvergence. Readers could attach the Cue Cat device to their PCs and scan bar codes in magazines that would take them to Web sites for more information. Cue Cat ultimately flopped, however, as it never caught on with consumers.

ELLEgirl plans to launch the Mobot technology in its August issue, which hits newsstands July 5. In the two prior issues ELLEgirl promoted the technology and urged readers to go online to register their camera phone numbers, e-mail and home addresses.

Although ELLEgirl is only deploying the technology for its advertising pages, publisher Burns says it could potentially be used in the editorial pages as a way for readers to interact with its editors and writers. She says the technology not only sets ELLEgirl apart from other magazines, but serves as a way to lure advertisers.

"I've never seen a program where advertisers are really knocking down the door to participate," Burns said of the positive initial response.

Jane magazine, a unit of Fairchild Publications, said it had good results when it tested the technology in its September and December issues. Pamela Madden, associate publisher of marketing, said 1% of Jane's readership of 700,000 participated in the September program, or about 7,000 people. Typically, Madden says magazines get about 2,000 to 3,000 responses to advertising promotions. What's more, Madden says the technology enabled it to land Samsung Electronics Co. Ltd. (005930.SE) as an advertiser. "A lot of tech advertisers are not paying attention to young women," said Madden. "Young women in their 20s are just as tech savvy as men."

In the past, Madden said, magazines had to rely on regular mail to send readers additional information about advertisers' products. That meant a time lag that during which readers could move on to something new. "They want to know about a jacket right now. Not tell me a week later," she said.

Although magazines have been the first market to adopt Mobot's technology, the company's founder and chief executive, Russell Gocht, thinks consumers will one day use it with everything from billboards and CD covers to sports logos and beer labels. For example, a Mobot registered user could take a picture of a CD cover and receive lyrics to songs and an option to buy ring tones and music. Snapping a picture of a favorite sports team's hat or T-shirt could return scores or stats.

It's those future uses that have intrigued Eric Healy, a vice president at advertising firm Arnold Worldwide, and a director on Mobot's advisory board. Healy acknowledges the quality of camera phones and the visual recognition technology will have to improve to allow users to take a picture of a billboard while stuck in traffic or snap a shot of the JumboTron at a sporting event. Still, he's convinced it will happen.

"I think you will see more of a concerted effort to build out interesting uses for Mobot," said Healy.

Mobot's Gocht said the company is in talks with several record labels and Fortune 500 consumer product companies, although he declined to identify them.

"We have many dialogues going on in terms of putting Mobot in other applications," said Gocht. "Within the summer you'll start to see it in the marketplace."

While Mobot has high hopes for its technology, the startup stage of its business has prompted one venture capitalist to take a wait-and-see approach. Mike Feinstein, a general partner at Venrock Associates, said it's too early to make an investment in the company, although he likes the idea of the technology.

"Advertisers are definitely looking for ways to connect with customers, particularly consumer customers," he says. Still, Mobot will have to demonstrate the technology can expand beyond magazines to garner interest from the VC community.

"Consumers in general are pretty darn fickle. It's very hard to predict what consumers will adopt en masse and whether it has staying power," said Feinstein.

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