

Small Video Screen Maker Pages New Customers

TECHNOLOGY: Americhip can attach mini movies to paper ads and manuals.

By **JOEL RUSSELL** Staff Reporter

A magazine reader turns the page and sees an ad with a screen that plays a short video. A new car buyer opens the owner's manual to find a video showing how to program the stereo. Ad execs receive a book with a screen that provides a step-by-step guide to advertising on **Google**.

It's all happening thanks to Video in Print, a new product from **Americhip Inc.**, a Gardena company that makes sound chips for greeting cards and light-emitting diodes in retail gift cards.

The company last month received a patent for its video system. The technology consists of a simple module with a thin liquid crystal screen, a lithium ion battery and a computer chip. After video and sound are loaded into the chip, the piece is glued to a cardboard backing. A second sheet of cardboard with a cutout for the screen is glued over the top for protection.

Tim Clegg, chief executive at Americhip, said screen sizes vary from 1 by 1 1/2 inches up to 3 1/2 by 6 inches. The memory chip can hold up to 45 minutes of video and can be recharged through a USB cable.

"We're following the same technology in mobile phones, e-readers and iPads," Clegg said.

But it's very expensive. Depending on the size of the order, the price varies from \$30 to \$60 per piece. Orders range from 100 pieces up to 50,000 pieces. Clegg said typical orders start at \$100,000 and go to more than \$1 million. These figures only cover the manufacturing and do not include money paid to a publisher to insert the video into a publication.

So far, the highest-profile appearance of Video in Print was a black-and-white movie that appeared in a small limited run of *Vogue* magazine's Russian edition. The 20-minute film featured an Italian model who promoted a distiller and a fashion house.



RINGO H.W. CHIU/LABJ

Screening: From left, Tim, Kevin Clegg.

Companies also use the technology for after-sale marketing materials. Toyota, Acura, Citroen and Mazda have incorporated it into owner manuals for cars. Pharmaceutical companies have included a video in starter kits to show patients how to administer a drug.

Earlier this year, the Consumer Electronics Association, a trade group in Alexandria, Va., wanted to show Congress how legislation to spur innovation in its industry could help the U.S. economy. The organization created an advocacy brochure using Video in Print for the 535 elected lawmakers on Capitol Hill plus a few hundred extra for administration officials.

Gary Shapiro, CEA chief executive, figured the cost for the brochure equaled approximately three full-page ads in Washington, D.C., newspapers. He selected Video in Print because it exemplified the innovation message.

"It was expensive but worth it," Shapiro said. "I've received notes from members of Congress and other advocacy groups in Washington, so that shows me its impact."

But not everyone's sold. Dave Martin, senior vice president for media at ad agency **Ignited** in El Segundo, has considered using Video in Print but isn't sure it would prove effective.

"Our clients are movie studios, so the maximum value of a purchase is a \$12

ticket," he said. "It doesn't make sense to spend that kind of money when you consider the return."

He also questioned the value for advertisers of putting another video screen in consumers' cluttered lives.

"There are already so many screens in living rooms, stores, on tablets or phones, why spend the money to build one?" he asked.

B2B future

The company has filed for patents to protect Video in Print from low-quality competitors. Kevin Clegg, president and brother of chief executive Tim Clegg, said in the past the company has used patents successfully to issue cease-and-desist letters to illegal competitors on other products.

"We realized early on how big this would be," Kevin Clegg said. "The big brands that we work with don't want a cheap product around that looks similar but doesn't work right."

Given the high costs of Video in Print, Americhip sees its biggest future in business-to-business or B2B marketing.

Many B2B publications have small circulations but reach audiences that buy expensive equipment and services. Spending extra for a Video in Print ad to reach those buyers can make economic sense.

Tim Clegg believes Video in Print can save money for large B2B companies, which often send their sales people out with a laptop or tablet computer to show videos to prospective customers. By sending mailers with Video in Print, the companies could save on travel expenses.

Nonmarketing uses for Video in Print include employee training manuals. In fact, Clegg believes companies will use his product to communicate complex information to employees, investors, partners and distributors.

"Anywhere there's print advertising or a corporate publication, the Americhip video is going to be there," he said. "There are almost a limitless number of markets as we develop this technology."