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## EL SEGUNDO ADVERTISERS SEE GREEN ON TV SCREENS



Ali Diab, left, and Alex Nocifera, co-founders of El Segundo-based Ripple, show off one of their advertising TVs at Noah's Bagels in El Segundo.

# Capitalizing on a captive audience

**COMMERCIALS:** Customers can't change that channel when waiting.

By Muhammed El-Hasan  
Staff Writer

At coffee shops, customers wait to order amid the intermingling scents of lattes and cappuccinos.

After ordering, the patrons wait some more as baristas prepare their drinks.

The founders of an El Segundo-based company see these customers as more than just coffee drinkers.

They are a captive audience - at least until they walk out the door.

Ripple, a small company with 40 employees, is trying to capitalize on this captive audience by selling advertisements on a network of monitors it has installed at coffee shops, juice bars, restaurants and other venues where people wait. Launched in 2006, Ripple has placed screens in about 1,000 locations nationwide, including more than half in Southern California.

"It's getting harder to reach people, with TiVo and the Web," said Ali Diab, 33, co-founder and president

of products and technology at Ripple. "This is a chance to capture their attention where there's no other competing media at the time."

Powered by \$15 million in venture capital, Ripple is found in the large media markets of Los Angeles, San Francisco, New York City and Boston. The company recently opened a sales office in New York.

Jack in the Box is the top carrier of Ripple screens, although the displays also can be found at nonfood establishments such as Jiffy Lube.

Advertisers include Land Rover, Ford, Wachovia, Live Nation and the Hollywood Bowl, as well as a slew of real estate agents.

The ads appear as 30-second spots that can include text, graphics and pictures, and they run every five or 10 minutes at any or all Ripple locations, said Alex Nocifera, 33, co-founder and president of sales and distribution.

"You can take hyper-local in one area, to 1,000 locations, to something in between," Nocifera said.

An ad's interval coincides with the average time a customer spends at a site with a Ripple screen - about

11 minutes - Diab said, citing data from Nielsen Media Research, which monitors media viewership.

So an ad could be viewed by a typical patron two or three times during, say, a coffee run.

Diab and Nocifera declined to reveal revenue figures. The business model combines three key elements: revenue from advertisers; content providers supplying free news to the screens; and retailers that allow the monitors in their sites without charge.

More than 75 news and entertainment providers, including Yahoo!, CBS News, The New York Times and E! Entertainment, supply free news feeds in exchange for being cited as the source on the Ripple screens.

The retailers allow the monitors into their stores for free because the screens entertain and inform customers, Nocifera said.

Information on the screens includes news, area weather forecasts, traffic reports, sports scores, local sports and concert schedules, and the daily horoscope.

"Where people wait, we can add

value to that experience ... ,” Nocifera said. “It’s almost like taking your home page and putting it on your TV.” Ripple’s business model “fits into the same” concept as screens in airports or elevators, said Jeffrey Cole, director of the Center for the Digital Future at USC’s Annenberg School for Communication.

“All involve capturing a ‘captive’ audience,” Cole said in an e-mail. “It is not a new idea, just a new place. Eventually, it will probably come to toilet stalls!”

Traditional forms of media such as television have “so many potential distractions” to limit the effectiveness of commercials, such as channel surfing, muting or going to the bathroom or kitchen, Cole said.

“Advertisers could not be sure that even those watching the programs were there for the commercials,” Cole said. “All these new forms move you away from the kitchen and bathroom; there is no remote to change or scan, and you are there doing something else, thereby commanding attention. Attention and engagement are the keys.”

Ripple screens reach more than 20 million people a month, with an average annual household income

of \$91,000, Diab said, citing Nielsen data.

“Where could you put a message in front of an audience that has that type of spending and household income?” Diab said.

In addition, Ripple viewers are out and about, whether at a coffee shop or restaurant, and they might be in a position to immediately act on an ad they see on the screen, Nocifera said.

For example, a floral shop might run ads at a coffee shop across the street, Nocifera said.

Live Nation, the Beverly Hills concert promoter and venue operator, advertises on the Ripple network in addition to providing content.

“This stems from our desire to look for new ways and new pieces of media to market to our consumers,” said Rich Best, senior vice president of booking at Live Nation. “Call it direct marketing, going right to them. And this is unique in a sense that it has a sense of some elements of a Web-based product along with some elements of an electronic billboard feel. The interesting thing with this is how geographically targeted we can get. That is the real appeal.”

For example, to promote a concert, Live Nation could buy ads at a coffee

shop near a high school when students are most likely to be present.

“To me, it’s the future,” Best said.

Ripple has installed its screens in about 200 Coffee Bean & Tea Leaf sites in California and Arizona. So far, the experience has been positive, said Mel Elias, president and chief operating officer of the coffee house chain.

“It’s something our customers appreciate,” Elias said. “If they want it, they can look at it. If they don’t, they can simply ignore.”

The reports of traffic disruptions, or SigAlerts, appear to be the most popular type of content Ripple provides to Coffee Bean customers, Elias said.

The screens also allow the coffee retailer to promote itself by placing ads on its drinks and any other messages for customers. “It kind of helps build relationships with the community,” Elias said.

Elias added that he expects such advertising screens to become ubiquitous in retail spaces and even gyms.

“Fast forward 10, 15 years, this will become commonplace,” he said. “It’s noteworthy now, but soon it will become a part of our way of life.”