

THE BULL, BEAR & LION

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THE COLLEGE OF NEW JERSEY'S STUDENT BUSINESS NEWSPAPER

February 8th, 2018

DEBUTS

The Rise of Right-Coast Netflix

Spotify Comes Public as the Entertainment Media Industry Shifts to Silicon Valley

By SEAN LANGE

Cable television will die with Jim Cramer.

Talk about the fate of media companies intensified during the past year, with television channel and movie theater providers bracing themselves against the future foretold by cord-cutting analysts and slumping subscriptions. The inexorable migration of viewers to the streaming services offered by the titans of Silicon Valley — which eschew the traditional “small screen” and the silver screen for the even smaller, more lacquered ones of laptops and iPhones — has left media’s largest corporations to pursue opposing extremes of M&A. Some companies have opted to slim down greatly, like mass media provider 21st Century Fox, which in 2017 sold off all of its assets, save its sports and world news core. Other companies have subsequently expanded, like studio stalwart Disney, which preliminarily purchased \$52.4 billion in FOX’s assets, partially bridging the content void left by its ended collaboration with Netflix.

The asymmetry built into a deal like this one is deliberate. In the past year, Facebook, Netflix, and Amazon each announced updated plans to produce proprietary entertainment content, sending new shockwaves through their already-imposing channels of user interaction. Concentration (on core, non-entertainment media segments) or conglomeration (of content ventures with new delivery avenues) have been the consensus actions against the ascendancy of Silicon Valley studios. More than not, Disney’s pursuit of 21st Century Fox’s FX and 20th Century Fox studios demonstrates its commitment to challenging the tech titans with digital material on its forthcoming DisneyNow app. As linear TV broadcasting erodes in favor of media that can be streamed on mobile devices, the solvency of independent cable news stations becomes greatly in question. In the past six years, Disney-owned ESPN has lost over 10 million subscribers, precipitating the sports channel’s November 2017 layoff of 150 of its visible network personalities.



If that talent-paring trend were to continue across the spectrum of top cable channels, the last anchor left standing may be CNBC’s Jim Cramer. His opinions, in contrast to those of the prognosticators on ESPN, NBC, or E! Network, influence real-time, quantifiable life choices — that is, viewers’ risk-exposed investments of their personal wealth. The *Mad Money* and *Squawk on the Street* host has made a career out of interpreting companies’ relevance to the popular human experience, an aptitude that appeals to investors on main street and Wall Street alike. Besides being boisterous and distinctly amusing for a finance pundit, the 62-year-old is successful at delivering educational value in incisive, memorable doses. Among his most well-known investing maxims is FANG - a mnemonic he coined in 2013 that originally comprised Facebook, Amazon, Netflix, and Google (Google has since been renamed to Alphabet). Since then, those tech stocks have dominated financial and consumer markets, with Facebook, Amazon, and Alphabet rising to become three of the four highest-valued companies in the world, thanks possibly in part to the cachet of their unifying acronym. In 2018, those three corporations wield numerous platforms that attract consumers to their core internet services, including for each some sort of entertainment media venture.

So where does this leave Netflix, the one company among the FANG “media” providers whose primary service actually is movies and shows? Facebook, Amazon, and Alphabet are involved in a variety of fast-growing business sectors, from artificial intelligence, to self-driving cars, to e-commerce, to life sciences technology. Netflix, meanwhile, has no such “ecosystem.” But while its business model appears stark in comparison to its counterparts, Netflix’s investors have been routinely encouraged: after announcing that it had added a record 8.33 million subscribers in the fourth quarter of 2017, Netflix’s stock jumped from \$220 to a high of \$286 in January 2018. The company’s staying power is demonstrated not only by persistent \$1 increases in its monthly fee without suffering subscriber losses, but also by its preferability in a market that includes worthy competitors like Hulu, Amazon Video, and HBO Now. Despite a global commercial climate that has recently heralded “the death of big brands” in favor of niche producers, Netflix, with its FANG connotation and its single, superior streaming service, is a brand name that is thriving.

What has prevented Netflix from being more closely rivaled by new-and-improved labels in the consumer segment that it operates in. Within the clothing, grocery, and appliance industries, today’s buyers are balking at the pricing and manufacturing practices of large companies, thereby paving the way for simpler, sleeker alternatives to cut into market shares. However, quality entertainment material is expensive to license or to self-produce (Facebook will spend over \$1 billion this year to launch its original content

THE BRIEF



by
**Anthony
Vega**

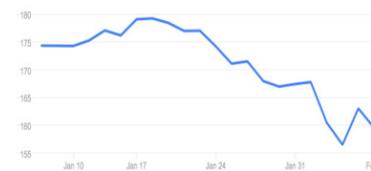
No. 1: Smartphones & the Semis

* Apple is set to halve its iPhone X production for first quarter of 2018 and reports that it will discontinue production of the device in the second half of the year

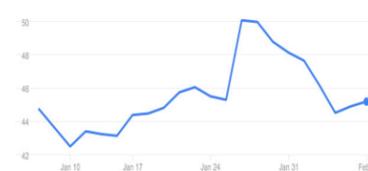
* Apple’s dispute with Qualcomm doesn’t seem to be resolving, as Apple still believes Qualcomm is overstating the royalty on using its modem chips

* Reports are coming out that Intel may be the sole supplier of Apple’s modem chips in the 2018 iPhone lineup

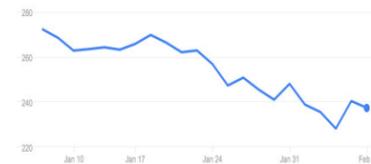
What I think this means: Apple will rebound from poor sales of the iPhone X by lowering prices of its 2018 line. Higher sales volume then enables Intel to profit greatly from being Apple’s exclusive provider of modem chips.



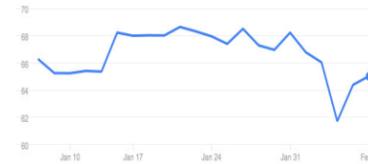
AAPL Stock Price, 1-month: \$159.54 [2/7/18]



INTC Stock Price, 1-month: \$45.02 [2/7/18]



AVGO Stock Price, 1-month: \$237.38 [2/7/18]



QCOM Stock Price, 1-month: \$65.04 [2/7/18]

Furthermore:

* Qualcomm views Broadcom’s recent earnings report as concerning, and states Broadcom won’t be able to achieve the \$7.50 earnings per share target it estimates for fiscal year 2019. This is the defense Qualcomm is using to stop a takeover bid to the tune of about \$103 billion by Broadcom

* Qualcomm mentioned in a recent investor conference that it will be able to reach close to its \$7.50 earnings per share target for fiscal year 2019 if royalty disputes with Apple are resolved, and the NXP Semiconductors takeover, at \$39 billion, is approved by regulators

Even if one is reached, a Broadcom-Qualcomm deal would face the challenge of being passed by regulators. It wouldn’t change Apple’s supplier trajectory, either. I don’t think the Apple-Qualcomm royalty dispute will ever be settled, and Apple has already moved on with Intel.

initiative), and the talent pool for directors and actors is very limited. Plus, digital delivery enables a shorter supply chain that can reach consumers in all corners of the world at a relatively small cost — meaning customers tend to have few complaints about up-front prices. Finally, the leisure expense associated with instantly accessible entertainment is something that modern consumers appear willing to routinely pay — and this compulsion is true especially for Netflix and its title-suggestion algorithms.

Notably, while this combination of factors has elevated Netflix to being a brand that is yet to face a digital equal, the Sunnyvale, CA-based company does have an analog.

Soon to open its new U.S. headquarters at 4 World Trade Center plaza in Midtown Manhattan, music streaming service Spotify is to the ears of mobile device users what Netflix is to their eyes: an on-demand, subscription-charging, recommendation-churning entertainment stand-by.

See Spotify, Page B2

COMMERCE & CULTURE

VENUES

Jared Kofsky:

NEW JERSEY, NEW BUSINESS

Wawa is planning new locations across the state, a North Jersey town is banning Airbnb, and a smoothie shop chain is expanding to Essex County.

As the new year begins, two companies are hoping to attract more customers across New Jersey, and new developments are continuing to be proposed that could increase the population of some of the state's cities and suburbs. Meanwhile, one community is planning to halt the sudden increase of new visitors within its borders. Here are some of the Garden State's recent business headlines, as initially featured on JerseyDigs.com.



If you are a fan of one of the region's most popular convenience store chains, you soon may not have to travel far to shop or eat at one of its locations. It was revealed recently that Delaware County, Pennsylvania-based **Wawa** is planning six new stores across Northern and Central New Jersey, all of which will include gas stations. The company is seeking to expand its presence in Morris, Union, Sussex, Middlesex, and Monmouth counties. One of the proposed locations is at the site of the former Pathmark supermarket in the Lake Hopatcong section of Jefferson Township while another is just 14 miles north along Route 15 at the site of the Chatterbox Drive-In in Frankford Township. Further south, new Wawas are planned for the site of several buildings along Morris Turnpike in Springfield and at the corner of Routes 1/9 and Park Avenue in Linden. Red Bank is also slated to gain a second Wawa since the company is seeking to open a location at the former Auto Exotica site at the corner of Route 35 and Newman Springs Road. Finally, just a few blocks away from Rutgers University's Livingston Campus, a Wawa is planned for the corner of Brunswick and Plainfield Avenues in Edison Township.



There are no hotels in West New York, but in recent years, plenty of visitors to the region have found a way to stay overnight in this densely populated Hudson County community just across the Hudson River from the Upper West Side of Manhattan. However, those days are about to end. The West New York Board of Commissioners voted on January 17th to adopt an ordinance that will ban vacation rentals on platforms such as **Airbnb** and **Homeaway** of any dwelling unit or pieces of furniture for 30 consecutive days or less. The ordinance states that these rentals "may jeopardize the community's welfare and degrade the quality of life within the town" and that "the presence of such visitors within the town's residential neighborhoods can sometimes disrupt the residential character of the neighborhoods and adversely impact the community." Those who violate the ordinance can face at least \$500 in fines and would have to reimburse the tenant for the cost of renting the space and the Town for investigating the infraction.

PENNROSE

At least 100 people will soon be living across the street from one of New Jersey's old-

est and largest correctional facilities. **Pennrose Properties** of Philadelphia will construct the Cedar Meadows Supportive Housing Apartments at 1426-1468 Rahway Avenue in Woodbridge Township's Avenel section. The 16-acre property is just across the street from the East Jersey State Prison and previously contained the New Jersey State Reformatory Staff Housing Complex for prison employees such as the warden. The new development is expected to include 100 rentals, community rooms, a library, a courtyard, and supportive services. The project is receiving \$4.2 million in financing from the Superstorm Sandy Special Needs Housing Fund, and 25 of the units will be reserved for residents who are elderly or have a disability.



Finally, while residents of Mercer County may regularly visit **Tropical Smoothie Café** since it operates locations in Hamilton and West Windsor, there are currently no locations in northern New Jersey. Now, a franchise will open at the corner of Route 10 and Eisenhower Parkway in Livingston in mid-March. The new store will be within a recently completed plaza called The Corner at Livingston Circle that also contains locations of Shake Shack and The Container Store. Tropical Smoothie Cafe is based in Atlanta and serves 33 flavors of smoothies, in addition to making lunch bowls and sandwiches.

H&M Stores See New Level of Customer Backlash

By Vivian Louie

H&M's green hoodie has added fuel to the fire, the worldwide discussion on the issue of modern racism, regarding how the fashion industry and its consumers have become tone-deaf to cultural and social nuances. This green hoodie, modeled by a black child, bearing the words "coolest monkey in the jungle," and debuted on H&M's European website on January 7th, has faced an overwhelmingly negative response from the public. H&M is a global brand that has a huge following. Its products can quickly become the centerpoint of debates and discussions regarding societal issues.

Many celebrities have spoken out against H&M for the green hoodie, with some of them going as far as cutting ties with H&M. Popular musical act The Weeknd (AKA Romelu Lukaku) disavowed H&M in a Twitter post made on January 8th, stating that he was "deeply offended" by



Musician The Weeknd ended his endorsement of H&M.

the hoodie. The singer had collaborated with H&M early in 2017 on its Spring Icons campaign, followed by a fall collection in September. Another musician, rapper G-Eazy, spoke out in a statement on Instagram, sharing that he had decided to end his partnership with H&M. G-Eazy and H&M had collaborated on a menswear collection that would have hit stores on March 1st.

More seriously, numerous H&M stores in South Africa were ransacked on January 13th by followers of the Economic Freedom Fighters, a revolutionary socialist

political party also known as the EFF, who were angered by the racist insinuation of the garment. Videos of the angry protesters trashing the outlets in the capital cities of Capetown and Johannesburg were quickly circulated on major European news networks. H&M stores in the city of Durban were temporarily closed down following the incident.

After the initial backlash, but still four days before the protests in South African stores, H&M issued an apology on its website, stating, "Our position is simple and unequivocal - we have got

this wrong and we are deeply sorry." But while spokespeople for the apparel company have conceded the criticisms, H&M officials have not yet lived up to the corporate social responsibility of promoting discussion and awareness of insensitivities related to culture and race. To this point, H&M's only actions have been to take down the product on its European site and note that it will have the removed garments recycled.

So how severe will the fallout ultimately be for the Swedish brand, and how long could it last? Time will tell, but with a massive oversight on a topic that is being discussed around the world, H&M's negligence of racist content has only hurt its brand image. An ongoing list of celebrities and top customers have already condemned H&M; and it is only a matter of time without the company taking more constructive steps that its general consumer base will start backing away. In terms of recent profits, H&M had a rough past year with reported third quarter earnings in 2017 having fallen 20%. Now with this blunder, it might be harder for H&M to expect high earnings for the first quarter of 2018 as well.



EFF supporters protest outside H&M at the Mall of Africa in Johannesburg

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IN THE SCHOOL OF BUSINESS:

INTERVIEW

PROFESSOR SPOTLIGHT:

Dr. Matthew Greenblatt

by KIM TANG

Dr. Matthew Greenblatt is a new professor in the School of Business at TCNJ. Last fall, he taught Intro to Microeconomics; and this spring, he is teaching Intro to Macroeconomics, as well as European Economic History. Dr. Greenblatt studied History at the University of Pennsylvania before earning his Ph.D. in Economics at the University of Minnesota. He sat down to share a bit more about his life and experiences.

Where did you grow up?

I grew up in the Philadelphia area, in Delaware County.

How did your childhood shape your choice of your major?

So, I grew up in Delaware County, Pennsylvania — but in high school, I moved to Flint, Michigan, so I think by living there I really saw the direct impact that economic policy, good or bad, can have on people's lives, and I think that's what really sparked my interest in Economics.

How did your education impact your studies in Economics?

I got a great foundation for my graduate studies [as an undergraduate]; and Minnesota was also really good. It's really interesting; I [work in] macroeconomics, and I think there are a lot of political and theoretical divisions among macroeconomists, more so than among microeconomists. Schools really fall into camps along these political spectrums, and Minnesota is really on one far end of the spectrum. I think it was a positive experience having my political opinions challenged by my professors. There was also an expectation that you would be teaching and sharing your research all the time, and I think that really prepared me for being in front of the classroom.

Did you work somewhere else before TCNJ?

I didn't have a full-time job; but I worked as a graduate instructor when I was at Minnesota. I also worked at the Federal Reserve Bank in Minneapolis while I was there.

How were those experiences?

I really liked working at the Fed, and it felt like my work was having a direct impact on economic policy. I like teaching a lot better though. I had liked helping students, and I felt like teaching also made my research a lot better too. In economics, more so than a lot of other disciplines, there's a huge disparity between how much math and other complications you have to add to your thoughts between grad and undergrad. I think being forced to think about your research in both abstract terms and in terms of fundamental theories is important.

What tips do you have for students studying Economics?

I think that if you're really interested in pursuing [graduate school], you need to build a strong math and statistics foundation. I would, if you could, consider a double major in either math or statistics. I think that after you graduate there are a lot of good internship opportunities; and for people considering graduate studies, an internship is a good halfway point between being an undergraduate and a graduate student. There's a big disparity between how formal and how mathematical your work is in the two environments, so I think having a transition between the two through an internship where you're interacting more closely with economists can help with that.



UNIVERSITY OF MINNESOTA

Do you have any tips for students who are studying business in general?

We try to teach students in Econ that economics is a philosophical system -- that it's a way of thinking about the world. So what we want to teach business students is how to apply that way of thinking to any question in order to find an answer. We want to teach them to apply that system of thinking to any questions they may ask. I think there's a broader skill there in how to apply a general philosophical system to questions, and I think one way to build that skill is to take a logic class.

What is your favorite part about teaching?

Seeing students thinking about the issues that I'm trying to teach them about. In grad school, I really enjoyed having my thoughts challenged and being forced to do more self-analysis and thinking about how the world works. I really like seeing my students do that now.

What is something you want TCNJ students to get out of your class?

Critical thinking skills, being able to analyze questions. I would like students to

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Jared Kofsky, '20	B1
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Vivian Louie, '20	B1
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Anthony Vega, '20	A1
<i>Finance major</i> Insights: markets, M&A, private equity	

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Pitches

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Spotify, from Page A1

Spotify is currently the largest paid music platform in the world, with 70 million subscribers against Apple Music's runner-up 36 million. Recently, the company made headlines for its unconventional plan to go public, which will involve bypassing IPO protocol and directly listing on the New York Stock Exchange. If the opening trading goes off successfully, the support of public investors could vault the company into new business territory. Currently, Spotify is not profitable, a result of the licensing payouts to compile its vast song library. Covering those costs, however, could allow the service to capitalize not just on a growing number of listeners that pay its \$10/month subscription, but also on the advertising revenues from an additional 70 million users who accept periodic 30-second commercials to enjoy a Spotify account for free. Moreover, according to Jim Cramer, the company's proven expertise at harnessing artificial intelligence to generate recommendations and enhance user experience, versus index-listed competitors like Pandora, will amount to, "Spotify game, set, match!" when it ultimately goes public.

While there will only be one Jim Cramer, his trademark acronym may soon be plural.

THE BB&L

This edition: *The BB&L's* "Left vs. Right" debate feature returns.

REVIEW

RIGHT

Cultural units are appropriated and altered all the time, and for the better.

By Paul Mulholland

"Cultural appropriation" normally refers to a dominant group adopting elements of a minority culture and profiting from it, mocking it, and/or failing to fetishize it. When used to vilify certain people, it becomes too silly of an idea to even begin to take seriously.

A definition of culture itself is rarely offered, because it is a uniquely vague and nebulous word that is easy to abuse. Those who argue "culture is not a costume" do not specify what "culture" actually means to them, and how it might exclusively belong to some human populations but not others. By implication, they suggest the existence of racial and cultural essentialism, or that there are intrinsic and clearly defined differences between groups and "cultures." In order to believe this, you are required to forget the variation of practices within populations and across time, as well as overlapping populations and population identities. You must accept that there is one "Mexican food" to be appropriated, when of course there is not. There are family recipes, personal takes, and adaptations.

Concern over appropriating a culture also misses the gains that have come from cultural appropriation and borrowing. This list has to include mathematics, language, sports, music, and even political tactics and systems such as social movements and democracy. The common response to this is to make a distinction between cultural appropriation and cultural appreciation. At a minimum, this distinction makes the same mistake as seeing a "culture" as being fixed in its nature, and as being solely possessed by "members" of that "culture." It also leads to a bizarre fetishization of particular cultural units and artifacts by Starbucks liberals that know as much about the culture in question as those accused of appropriating it.

All culture, by which I mean learned behavior, is necessarily available to others because it is learned. There are no outsiders, or those that may be justly excluded if they do not perform the required purity rituals. There are no copyright laws for cultures and populations, because the origins of cultural units cannot be attributed to populations the way a book can be to its specific author.

Cultural units are constantly being appropriated and altered, and for the better (note the spread of technology and medicines, among countless other examples). And, the sharing of culture will always take place in a context of unequal power, because there are no equal human societies. Arabic numerals, for instance, were adopted during The Crusades and then spread globally by European colonization. Should we revert to Roman numerals?

If you believe cultural appropriation is a problem, then design a definition of culture that makes it uniform across time and space and rightfully belonging to a population whose individual members had no direct role in producing it. Then see if there is actually anything in the world that corresponds to what you're talking about. When you realize nothing does, you will see why no one is taking you seriously.

OPINION

RIGHT vs. LEFT:
Cultural Apropriation

LEFT

Appropriating a culture doesn't preserve respect for its originators. Sharing in it does.

By Kim Tang

To deny that culture exists or that there is just one unifying culture is just a cop-out for another method of preventing people from being comfortable with their heritage. There is no "one definition" of culture because, newsflash: like most things in life, culture is a shared human experience that is as complex as humans are. The actual, book definition of culture has several different versions in and of itself. Culture may be a thing that exists because it has been interpreted by people; but realizing that universally humans live by rules they've created themselves, culture is as real as anything else on this planet.

To deny that culture exists is harmful. People who immigrated to America often times neglect entire aspects of their culture to fit in to American culture (which exists: ask literally any person living outside of America what American culture is, and you'll get an answer). Culture is being erased and already has been in the past; and further erasure only harms the relinquishing people more.

Furthermore, countering the stale, overdone argument (if it can even be called that) of one shared culture is easy: Yes, culture should be shared. In fact, it often times is. It's shared all the time. "Appropriation" and "sharing" are -- spoiler alert -- not the same thing. If the argument is that culture is ultimately spread, then we shouldn't be denying that it had origins. Neither should we be promoting condescending stereotypes that cause people to reject what they had in the first place.

Let's break this down. Appropriation of a culture is to make a mockery of it, is to take it and not respect it, is to subject it to erasure and promote it as a stereotype, is to refuse to learn it, and is to represent ignorance. The person who decides to dress up caricaturing another person's culture probably doesn't care at all about the culture they're using as a costume. They probably don't have any intent on learning about the culture or sharing it with others. That's the difference between sharing and appropriating. When cultures are shared, both parties are being respected. When some people travel to Japan, they dress in kimonos. That custom isn't an issue; and it isn't an issue because the Japanese culture is being shared and experienced with integrity.

Ultimately, culture is a massive part of the overall human experience. The ability to meet and connect with people from different walks of life is one of the greatest learning experiences that people have. Denying culture stifles this growth. Appropriation can stunt growth or cause people to promote incorrect information. No one is saying, "Stop sharing culture." People are saying, "Stop treating my culture as a joke, and stop using my culture as a prop."



"There are no copyright laws for cultures and populations, because the origins of cultural units cannot be attributed to populations the way a book can be to its specific author."

from the Right

"If the argument is that culture is ultimately spread, then we shouldn't be denying that it had originators. Neither, then, should we be promoting condescending stereotypes that cause people to reject what they had in the first place."

from the Left



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Note: The opinions expressed in *The Bull, Bear & Lion* are those of the writers and do not imply endorsement by the newspaper.

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