THE BULL, BEAR & LION

Vol V. No iv.

THE COLLEGE OF NEW JERSEY'S STUDENT BUSINESS NEWSPAPER

March 26th, 2018

THE SWEET SIXTEEN

MARCH MADNESS X MARKET MADNESS

YOUR PROFESSORS PICK THE WINNERS IN A TOURNAMENT OF INVESTMENTS

The Round of 16 of the NCAA Men's Basketball national championship took place this weekend. The round featured the final quarter of the field of 64 teams that were invited, qualified, or played in to the 2018 tournament, and won in the first two of their single-elimination match-ups. Here, The BB&L attempts to recreate the suspense, surprise, and validation of the "Sweet Sixteen" by assembling a field of publicly traded companies which, like the moniker "Sweet Sixteen," have the letter "x" in their ticker symbol. The field was seeded by market capitalization (as of 3/22/18), and four School of Business faculty experts were randomly assigned to evaluate each resulting bracket. Companies advanced through the tournament based on professors' cases for them being a superior investment to their opponents.

FIRST-ROUND UPSETS OF YOUR FAVORITE COMPANIES? STOCK CINDERELLAS? PASSIONATE FACULTY TAKES? READ:

FACULTY ANALYSTS: The BB&L extends special thank yous to these faculty for the time and diligence they contributed to this feature.

Professor Clare Bohnett Professor of Finance

Dr. Thomas Patrick Professor of Finance

Professor Karl Peterson Professor of Management

Dr. Nonna Sorokina Professor of Finance

THE SWEET SIXTEEN	THE ELITE EIGHT		
1 Netflix (NASDAQ: NFLX) MC: \$138.19B Streaming Media	PROFESSOR PETERSON: "At first blush this seems too easyone of technology's seminal disruptors vs. an also-ran from technology's distant past, but price needs to be taken into account. Xerox is in the process of being acquired by Fujifilm, and assuming that merger does not meet the same fate as the QCOM/AVGO merger (and why would it after all?!), what we are really comparing is the merged company vs. Netflix. Sodo we want a technology disruptor with a stock priced for perfection or a printer/"document management"/camera/film company desperately trying to stay relevant? I'll go with Reed Hastings and NFLX that has (a) products people actually want,	FECEX PROFESSOR BOHNETT: "With Netflix (online streaming service) up 120% in the past 12 months and hav a P/E ratio of 246, I feel it is fully priced, if not overvalue	
8 Xerox (NYSE: XRX) MC: \$7.92B Business Solutions	(b) pricing power for those products, (c) an astronomical P/E but a PEG ratio half what it was two years ago This is a GARP call that will have volatility but will ultimately prove correct."	<i>a TTE</i> ratio of 240, T feet it is fully priced, if not overvalu given the competitive pressures. Therefore, I'll put my me on FedEx (global express delivery services). FedEx is com off a highly successful holiday season. The company is t	
GEX 3 FedEx (NYSE: FDX) MC: \$167.52B Shipping & Mailing	DR. SOROKINA: "I choose FedEx over Expedia, because Expedia seems to have some issues, and its stock fell significantly twice based on negative earnings surprises during the past six months, when the whole market blossomed. There is also speculation that Amazon may get into travel, posing a major threat of competition. At the same time, FedEx is a solid	positioned to continue to enjoy the strong growth of e-commerce. What's more, it just announced its plans to o	
_{xpedia} 6 Expedia (NASDAQ: EXPE) MC: \$17.19B Travel	company in the growing [shipping] industry. However, it may be somewhat	much more comfortable with an investment in FedEx.	
5XX (NYSE: CSX) MC: \$50.50B Railways	PROFESSOR BOHNETT: " <i>I'm going with Lam Research</i> (supplier of services and equipment to the semiconductor industry) over CSX (rail-based transportation) with zero hesitation. Lam is a stellar company whose stock is on a tear, up 80% in the past year [as of 3/21]. It consistently outperforms analyst expectations and should continue to benefit from the ever growing importance of a data-driven economy.	PROFESSOR PETERSON: "The choice between LRCX and XEC is a choice between a chip stock that has had a phenomenal 2017 into 2018, and an oil and gas producer that will struggle to make money in an energy environment where oil has probably topped out, and natural	
am ⁻ 5 Lam (NASDAQ: LRCX) MC: \$36.16B Semiconductor Equip	Lam is trading at about only 13x forward earnings. It appears to have considerable upside."	gas and NGLs [natural gas liquids] seem to be in a continual state of oversupply due to fracking LRCX stock has been buoyed by artificial intelligence and cloud computing applications, and had a dramatically	
2 United Tech (NYSE: UTX MC: \$102.64B Aircraft Manufactur	-	rising trend line in 2017 that has carried over to 2018. XEC recently beat on both EPS and revenues, and it trades at a reasonable P/E, but it is near its 52-week low. Even considering the concentration of XEC's operations in the lucrative Permian Basin, natural gas and NGLs are down 10% year-over-year and not likely to rise much in the near term considering tepid demand and rampant oversupply. Buy the chip stock that will be more volatile over time, but also outperform over the same	
7 Cimarex (NYSE: XEC) MC: \$8.81B Natural Gas	UTX a buy."	timeframe."	
(ON 1 Exxon Mobil (NYSE: XON DDI MC: \$138.19B Oil & Gas	 PROFESSOR PETERSON: "Two great industrialsboth with history, both with problems. I'm going with X because (1) a coordinated global economic recovery is underway that should benefit steel companies (even US steel companies), (2) although the current tariff brouhaha looks like it might positive impact US steel producers, that play is only in its first act, but I'll still take steel over oil, (3) XOM as a oil major, finds itself in the same tough position as IBMhow does an enormous firm with legacy costs grow enough to make a positive difference in its business (referred to as the "law of large numbers" by 		
8 United States Steel (NYS)	business television talking heads who misunderstand the phrase)? And as we have recently seen, the price of a barrel of WTI (and by proxy Brent) can only go so high (around \$65) before entrepreneurial shall producers uncap already drilled wells and release a flood of black gold on Cushing [Oklahoma]. Neither stock would fit my personal portfolio, but forced to make a choice. I'll take the limited upside for steel us	e United States steel Corporation r Starbucks. This is the best of the worst kind of choice though. While Starbacks	



03B Steel

Starbucks (NASDAQ: SBUX) 3 Scientific MC: \$82.93B Coffeehouses



TJX (NYSE: TJX) MC: \$51.48B Retail

Vertex (NASDAQ: VRTX) MC: \$44.60B Pharmaceuticals

American Express (NYSE: APX) 2 **Financial Services** MC: \$82.99B

Seagate Tech (NYSE: STX) 7 Data Storage • MC: \$17.12B

DR. PATRICK: "I would pick SBUX over BSX. BSX is selling at over 300 times earnings. SBUX's stock price is on upward price trajectory while BXS is on a downward trajectory."



seriously overheated on the tarrifs. Keep in mind, tariffs is a very old news for investors. One is late by a few months to profit from that info."



DR. SOROKINA: "I pick TJX over Vertex Pharmaceuticals as latter seems to be quite risky (high beta, crazy PE) and experienced a serious run-up in price recently. TIX is a stable company in the ailing industry. While competition is struggling, new opportunities open up for more fortunate counterparts."



DR. PATRICK: "Both TJX and AXP are selling below their expected target price. Both are on an upward price trajectory. I have little faith in retail other than Amazon, so I am picking AXP."

PROFESSOR BOHNETT: "The choice between American Express (credit cards and travel services) and Seagate Technologies (data storage) was a conundrum. I went with Amex in a close call. As of last month Amex has a new CEO along with a new strategy. While it remains the "exclusive" credit card, the company is lowering fees to merchants in a bid to expand acceptance worldwide. With the continuing shift around the globe from cash to card coupled with the current pace of global growth, consensus is that earnings will increase by 20%. I'm a believer in this stock and also a longtime owner!'



SEE PAGE B2 FOR THE FINAL FOUR

THE BB&L

MARCH FEATURE: WOMEN'S HISTORY MONTH

March is Women's History Month. In celebration, members of TCNJ's Women in Business share their thoughts about beliefs and leaders today that will be looked at for inspiration in the future.

What "Leaning in" Means to Me By Aury Cifuentes President, Women in Business

Last semester, Women in Business introduced "Lean In Bingo" as one of our icebreaker activities, and the takeaways were greater than simply networking skills. The bingo board was available online as a supplement for those familiar with Sheryl Sandberg's book and her concept of creating mentorship "circles" for women and allies. During the activity, some of the spaces were intentionally a bit more difficult to cover, but for a good reason. Among quirkier open squares such as "is a twin" were ones with qualities like "is looking for a leadership opportunity" or "knows how to write code." This simple game has research behind practically every attribute on the board, and some of the associated statistics are truly eye-opening.

For example, Harvard Business Review explored how women tend to only apply for jobs in which they meet 100% percent of the qualifications, while their male counterparts apply even when they reach just 60% of them. Thus, the "leadership opportunity" square highlights this disparity in approaching applications, whether they be for jobs, internships, or internal positions. Following this design, the coding square represented the lack of women employed in the tech sector. Recently, Sandberg replied in the community question-answer site Quora via her official account that she does not know how to code, but she is learning just like many women around the world. Although non-profits like Girls Who Code and Black Girls Code are targeting the youngest demographic of women, in general, there can be benefits to anyone at any age who is willing to learn something new.

Ultimately, "Leaning In" can mean something different to everyone. For example, to some, it involves redefining and challenging certain internal biases about themselves and about others. The unlearning and re-wiring of established preconceptions can be difficult and different for every individual. However, we, as a society, run the risk of not achieving our full potential if we are not regularly evaluating and adapting our strengths and weaknesses, and remaining proactive in the face of adversity toward doing so. This task can carry an even more substantial burden on people of color or disability who deal with additional systematic stressors throughout their lives.

PEPSICO'S INDRA NOOYI: INFLUENCE AT EVERY LEVEL

By Olivia Picone

March is the month for honoring the women who have made a change in the world. According to the U.S. Department of Labor, of all the women in U.S. businesses who have risen to management-level positions, 27% are in the C-suite. One woman who has earned the title of Chief Exec-

utive Officer and should be honored during Women's History Month is Indra Nooyi, CEO of PepsiCo.

Since Nooyi began working for PepsiCo in 1994, her innovations and ideas have been essential to many major changes in PepsiCo's business. By leading a decade-long restructur-



Cifuentes meets with the keynote speaker at TCNJ's Women's Leadership Summit in October 2017.

However, change towards societal strength is always happening. This change can be in the context of gender equality, of environmental initiatives, or even of the next unknown movement that could be on the brink of being a national success. The fact that change has a different focus for everyone diversifies and improves our chances of making universal progress toward greater societal good. This change will not only shape history, but will also inspire others to keep pushing for initiatives they believe in, regardless of the pace at which they strive to achieve them.

Similar to studying for a big exam, while an all-nighter might be more attractive than gradual preparation when there are appealing alternatives to studying, just because it works for some classmates doesn't guarantee that it will bring similar results for you on your test day. It is important to realize that times like college can be for conquering your learning curve and maximizing time for the things you believe in, whether those beliefs align with Sandberg's message or are something else on their own.

Even though "Leaning In" isn't always talked about specifically during lectures in classes, various organizations on campus are hubs of not only social change, but also professional development for those interested in turning their conversations into occupational action. I encourage you to not only find that organization, but also to take our unique contribution as a member, student, alum, or naturally curious individual and share it with someone. Inclusion, whether in a collegiate, corporate, social, or political setting, can be created when one can promote equality at every level they can influence. \blacklozenge

for PepsiCo to cut the amount of chemical sugars, salt, and fat in their products, and to sell more organic options. These decisions go beyond growing the company as a business, rather changing the lifestyle of PepsiCo's customers for the better. In 2017, PepsiCo accounted for 17% of sales of new food and beverage products in the U.S., and drove this figure with offerings of Tropicana Essentials probiotics, new lines of Sabra hummus, and bottled LIFEWATR.

Through her efforts, Nooyi has led PepsiCo to be the second largest food and beverage company

by net revenue in the world.

Forbes nominated Nooyi

one of its one hundred

most powerful women in

the world every year since

2008, and awarded her its

11th rank in 2017 in addi-

tion to naming her the sec-

ond most powerful woman

in business. These ranks

represent her hard work,

dedication, and courage to



THE CREATIVE COST

Almost 80% of people that respond to advertising with a purchase are women, yet little more than 3% of ad agency creative directors are female. The marketing industry is losing out from this rift

BY JILL MARBACH

The lack of women in advertising agency leadership roles is no secret. Look at many of the biggest ad firms in the United States, and you will see a disparity in the ratio of men to women in their leadership teams. The issue is even more dire when looking at the creative departments within these agencies. This imbalance has been so widely accepted that no major research had been done on it until 2016. That summer, non-profit She Runs It partnered with LinkedIn and Ernst & Young to conduct the most comprehensive study yet about the lack of women in leadership roles in the marketing and media industry.

She Runs It, the recent rebrand of the Advertising Women of New York, is an organization that works to improve the status of women in the marketing industry nationwide. The study the organization spearheaded finally put numer-



ic results to the well-recognized industry problem. Women make up 41% of early stage professionals in the marketing and media industry. However, this number drops in each career rung thereafter: first by 2% for mid-career professionals, and then by another 4% for non-executive leaders. Finally, only 25% of women occupy executive leadership roles. This trend covers the large range of jobs that fall under marketing and media. Publishing, advertising, and broadcasting professions alike exhibit this drastic decline, making it clear that this is an industry-level problem.

These challenges are far more than the statistics presented above. They define the real experiences of the women in these professions. The sexual harassment reckoning that has been going on in Hollywood, the political sphere, and the corporate world is also warranted in the marketing industry. A study conducted by The Agency Circle of media firms in Australia reported that 42% of women marketers had experienced sexual harassment in the workplace during their advertising careers. A majority of the women surveyed ranked the industry gender balance as being "between mediocre and terrible." Two-thirds of respondents also said that discrimination and harassment were the basis of jokes in their workplace. These numbers imply that the tolerance for the power imbalance between men and women is far higher than it should be. It is highly likely that similar statistics would carry over to the United States, and that is unacceptable.

Many agency professionals have become aware of the problem at hand and are making progress toward promoting gender equality in the industry. One of the most well-known movements for improving the gender balance in ad agencies is the 3% Movement. Originally named after the industry percentage of women creative directors in 2008, the 3% Movement's mission is to "find the best people, so we can make the best work, and ultimately, the best profit" when hiring more women and people of color. The advocacy organization has made waves in the industry by coordinating national and international conferences, mentorship programs, and consulting work and research. Token Man, another program specifically working to end the creative director gender gap, aims to make men more aware of the challenges that their female colleagues face. Through interviews, training, editorials, and leadership events, Token Man teams convey to businessmen what it would be like to be the only man in the room, a circumstance

ing as Director of Global Strategy and then as Chief Financial Officer, Nooyi championed PepsiCo's transformation from a soda company to a food conglomerate, acquiring Tropicana in 1998 and buying initiate change in the business world. out The Quaker Oats Company in 2001. After successfully expanding PepsiCo's range in the food industry, Nooyi was named CEO in 2006.

As chief executive, Nooyi has rebranded PepsiCo into three categories: products that are "fun for you," "better for you," and "good for you." Each category includes the foods and beverages that Nooyi aided in acquiring, like Gatorade and Doritos, in addition to the classic Pepsi wares, which include Brisk iced tea and Mountain Dew. According to Nooyi's strategy, Pepsi soda beverages and Lay's snacks are "fun," the diet and low-fat/sodium alternatives of these products are "better," and Quaker Oats and Tropicana juice beverages are "good." Putting each Pepsi product into its own distinct category was a power move in the development of PepsiCo into a multinational corporation. From 2001, when Nooyi was appointed as CFO, PepsiCo's net profits have risen from \$2.7 billion to \$6.5 billion in 2015.

The classifications were also a part of Nooyi's efforts to promote healthy living. By 2025, her stated goal is

PLYING FOR HER OWN SUGGE variety of labels that Nooyi acquired in ten years as PepsiCo's CFO enabled the diversified brand strategy she introduced upon becoming the company's leader

During Women's History Month, it is not only important to recognize the women who have made a change in the world in the past, but also the women who are doing so today. Nooyi is an excellent role model for any woman who is working now or aspires to work in the business world. PepsiCo is a brand known all over the world, and Nooyi is the woman who has been behind PepsiCo's financial, marketing, and strategic success since 1994. She will also be the executive who will help individuals around the world to start to eat healthier while still consuming the products they love. As she continues to build PepsiCo into a world leader in food and beverage innovation, it is important to learn about, and learn from, her approach to business. Nooyi is an excellent example of a woman who has taken advantage of her opportunity to build a dominant presence in the business world while making a positive change in the lives of many.

that women face every day.

There are numerous reasons why advertising agencies should be hiring more women, but perhaps the most compelling argument is that women make up a huge portion of all consumers. Women control over 80% of purchasing decisions and account for over \$20 trillion in annual consumer spending. Even those with the most limited knowledge of marketing can see that this is a market segment that should be catered to. So with this being the case, why is it that 90% of women in a 2016 study said that they are not connecting to the advertisements geared toward them? It all leads back to the lack of women in creative positions. Men are creating a huge proportion of all ads, meaning they also create a high percentage of ads for women.

By overlooking women leaders and letting gender inequality remain, firms are only hurting themselves. It has been confirmed that there is a relationship between companies with women and minorities in their upper ranks and better financial performance, a phenomenon referred to as the "diversity dividend." Firms that take steps to protect and promote women, and implement better family practices, are more likely to retain employees of all genders. While keeping things the way they have always been may seem like an easier option, advertising firms and creative departments that become better employers for women will be more successful overall.

Contact us: bbl@tcnj.edu Poets & Quants ranks the TCNJ School of Business in the Best 50 Undergraduate Business Programs in the United States

By Connor C. Introna

Investing, at any age, is absolutely essential to one's journey in achieving financial freedom. Many financial experts (like those featured in The Wall Street Journal) will argue that getting involved sooner is more economically advantageous than getting involved later. However, when walking around a college campus, one is far more likely to encounter a college student who has not begun investing rather than one who has. Why? While this article cannot address the millions of college students across America, maybe it can start with those at The College of New Jersey. Some Lions might be intimidated by 'elevated' risk and can even be averted by the supposed high costs of investing. Yes, while investing (or even trading) securities on the stock exchange can be both risky and costly, it does not always have to be. The complexity and far-reaching nature of Wall Street has ensured clients that there is always something out there for everyone. Amateur investing does not have to require a great deal of time, a risk-taking mentality, or even a degree in business. Instead, it only requires direction, willingness, and some money to put to work. As long as a Lion can possess those three things, they are automatically one step closer to achieving financial freedom.

For the bulk of financial history, personally owning securities, such as common stocks, was considered an exclusive privilege of the economic elite. However, because of sharp advancements in technology, there has actually never been any better time than now for amateurs and non-professionals to become engaged in investing. With financial services firms like TD Ameritrade and E*TRADE providing comprehensive platforms for users to buy and sell a variety of securities, the choices seem to be endless. But in a world featuring not only these options, but other services like Charles Schwab, Merrill Edge, and Fidelity, along with many smartphone applications like RobinHood, Stash, and Acorns, it easily could be overwhelming to find a place to begin. So before a Lion can even start buying or selling stock, he or she must settle on a dependable platform to execute his or her trades. TD Ameritrade and Merrill Edge are the best of the aforementioned platforms. They both feature simple-to-use interfaces that come complete with extensive investment possibilities, real-time data, expert analysis, and access to useful knowledge tools and investing information. Transferring funds and depositing physical certificates are easy and efficient, and especially so if the user has a TD Bank or Bank of America checking or savings account.

BROKERS, FOR BEGINNERS





THE FINAL FOUR

DR. PATRICK: "This could be a toss-up. Both are on an upward trajectory and have similar P/Eratios. I am going with Lam because Amazon is starting to do its own delivering and this could hurt FedEx."

> For the championship match-up between Lam Research...

...and American Express,

SEE PAGE A2

PROFESSOR BOHNETT: "Both Starbucks (coffee company and coffehouse chain) and American Express are valuable brands with

proven performance, a loyal customer base, and global appeal. Starbucks could be in for some challenges with the slow death of shopping malls, as well as a possible trade wars with China, which management has prioritized for future growth. What's more, the stock has underperformed the S \mathfrak{S} P 500 by 8% over the last three years, and there doesn't appear to be a catalyst for change. Therefore, I'm going with Amex for the reasons I stated in the first round. I'm in good company. Warren Buffet owns over 17% of American Express!"

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BB&L staff & WIB contributors featured in this edition:

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RECAP **FEBRUARY BLT: Elevator Pitches** By Sean Lange

The first Business Leaders Talk of the

integral career conversation.

In the coming weeks and months, attendees of the most recent BLT will turn to the pitch they designed in February to introduce themselves to employers, professors, and sernedipitious elevator acquaintences on the way down to the Business Building

Charles Schwab, E*TRADE, and Fidelity are still very good choices, but some of their platforms can be a little complicated for the unseasoned investor. True, some of their rates are more competitive; but after having tried all of these options, one will likely find that TD Ameritrade and Merrill Edge are still the most manageable for starters. While smartphone-based platforms like RobinHood are attractive because of their zero-commission business models, they do not feature much outside of the stark ability to make trades.

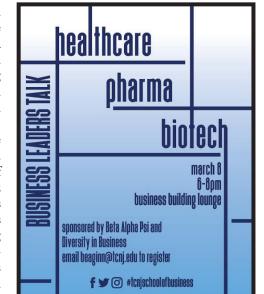
In addition, any service that offers "fractional shares" or pooled investments is, fundamentally, not really worth the time, effort, or most importantly, the money, for the novice investor. So what could Lions actually invest in? The possibilities are endless, but diversification is the key. Exchange-Traded Funds (ETFs) have grown in popularity due to the demand for diversification, liquidity, and low costs. Having a lowcost one of these funds that tracks the major indexes -- the S&P 500, NASDAQ Composite, or Dow Jones Industrial Average -- is the best. The next article in this informational series will go into greater specifics on what to buy.

Spring 2018 semester was focused on crafting and polishing students' elevator pitches. The event, held in the Business Building Lounge on a Thursday evening last month, played host to representatives from ten employers, which included Bloomberg, Cenlar, Goldman Sachs, Johnson & Johnson, KPMG, Sherwin Williams, and Wilkin & Guttenplan. Students were instructed to use the "past, present, future" formula to develop a personal testament comprising their professional experiences and goals about thirty seconds long -- about the time it takes for an elevator to reach its destination after its doors slide shut with him or her and a choice employer inside.

Now, participants have the advantage of having rehearsed their pitches with practiced industry professionals, like Dave Puskar '93 of Bloomberg, and recent alum, like Adrian Swartz '17 of KPMG, and having received the perspectives from both. Swartz told one rotation of students that the essence of the elevator pitch is "knowing what you've learned, who you are, and what's motivating you." Mastering these components gives an elevator pitch the potential to evolve into an

Lounge for the March Business Leaders Talk.

Postponed for snow days and spring break, the healthcare, pharmacy, and biotech-themed BLT is now scheduled for 6PM on Thursday, March 29th. ♦



Contact us: bbl@tcnj.edu Poets & Quants ranks the TCNJ School of Business in the Best 50 Undergraduate Business Programs in the United States

THE BB&L REVIEW

TREND

Toying with Fast Fashion:

A Stagnant Toy Industry Takes a Lesson From Zara

BY KAELYN DIGIAMARINO

Fidget-spinners may be more fashionable than you think.

The small, spinning ball-bearing device with two or three blades became the toy craze of 2017, offering a cure for nervous energy or simple entertainment for children. Arising in February of 2017 and peaking that May, the trend came in fast and dissipated faster; but not before there was profit to be made. Toy companies that were able to collapse their turnaround times reaped the benefits that came with a product flying off the shelves faster than you could spin it.

Mimicking the strategies of fast-fashion retailers such as Zara, toy companies are actively working to shorten production times and capitalize on the rapid rise and fall of toy trends driven by social media and viral videos. Zara, the Spanish apparel company created by Amancio Ortega, was first to bring the concept of fast-fashion to its industry. The strategy is simple: a short, vertical supply chain and fast-changing, small inventories allow designers to be more flexible and responsive. Zara designs, manufactures, and distributes its clothing within 25 days, enabling the company to meet the ever-changing tastes of consumers, while simultaneously capitalizing on unexpected trends.

Trends come and go at such high speed in the toy industry too, as many smaller toy manufacturers now realize. Fidget-spinners are just one of the many fast-trends driven by the digital space. Speak Out, another unpredictable trend of 2017, resulted as a twist on online videos of people trying to pronounce phrases while wearing dentist's mouth guards. The ability to identify trends and get the resulting product on shelves in a few months, rather than at the following Christmas, is proving to be the strategy U.S. toy companies need to differentiate themselves and remain profitable in the slowing \$27 billion industry. Smaller firms are more nimble in production capabilities than larger firms tied to established brands and contracts with prominent licensing partners, such as Walt Disney Co., yielding consequences that several once-prosperous toy chains are finding increasingly difficult to combat. The liquidation of Toys 'R'



FASHION FIXATION "The strategy is simple: a short, vertical supply chain and fast-changing, small inventories allow designers to be more flexible and responsive."

Us in particular confirms an end of a toy era. Unable to recover from debt and increasing online competition, the company recently announced the closure of all of its 735 stores across the country.

Consumer products today come and go out of fashion with rapidity in general. Technology depreciates at the rate of 1% per week on average, and demand for the new-and-different is such that the fast-fashion supply chain man-

agement and production techniques pioneered by Zara will doubtless become more applicable and widespread. The dismantled Toys 'R' Us flagship store in Times Square, now remodeled into a Gap and Old Navy, is just one more reminder that if toy companies want their products to remain in fashion, they should continue taking lessons from the fashion industry itself.



A PALING BUSINESS: Counterclockwise from top left, shots from the atrium foyer of Midtown Manhattan's BowTie Building in the winters of 2016, 2017, and 2018. The establishment, founded as the BowTie movie theater in the 1930s, featured a 65-foot ferris wheel and giant animatronic T-Rex during its tenure as the Toys 'R' Us flagship. The space, vacated by the failing toy company and leased by Old Navy and Gap parent The Gap, has since been dismantled and renovated into an austere apparel setup.

THE "SWEET SIXTEEN" CHAMPION

THE CHAMPIONSHIP



PROFESSOR PETERSON: "American Express vs. Lam Research is a choice between companies with past stumbles and futures that appear at last modestly bright. AXP stumbled badly when it lost the Costco account through a combination of arrogance and stupidity, and the stock has trailed both Visa and MasterCard ever since. Recently, due to a robust economy and the apparently still-present prestige factor of being an Amex "Member," the stock has recovered nicely. And why not... with P/E's a third of V and MA, and with a dividend twice or three times that of its card competitors, AXP is cheap by comparison. But will it adapt to the blockchain black swan about to swoop down upon and transform the payments indus-



try? Does management even know what is about to hit it? LRCX is a market leader in semiconductor equipment and its stock has been propelled by the recent updraft in all things related to silicon. The beauty of the LRCX business model is that it doesn't make chips, it makes the equipment that chip makers require to make chips...it is, therefore, an "arms supplier" to those engaged in the cutthroat battles over the fastest, most functional computer chips. The future is in services generally and 25% of LRCX's revenue is now derived from services. Choosing between the two stocks is difficult, but I come down on the side of LRCX: (a) AXP management, past and present, hasn't exactly acquitted itself well (and take a look at the board members), (b) I see no reason to believe that Millennials will be seduced by the prestige of a platinum card costing \$550, (c) LRCX stock has recently taken a hit with the general market, but my feeling is ... time to back up the truck!" •





The Bull, Bear & Lion

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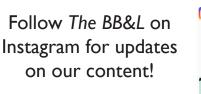
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