TABLE OF CONTENTS

MARKETING PLAN FOR MEDICUS CHRISTI
Authors: Courtney Mailoux, Sarah Tenedine, Erin Cardinal, Sarah Pascuzzi
Faculty Mentor: Dr. Cheryl Buff

FINANCE

THE CORE FOUR CONSUMER DISCRETIONARY FUND: 5X BETA EXPERIMENT
Authors: Joseph Commisso, Scott DeBiase, Joseph Holm, James Meindl
Faculty Mentor: Dr. Eric Girard

MANAGEMENT

CASE STUDY: IMAGINE BEING IN THE TWELVE PERCENT
Author: O'Neifa Baksh
Faculty Mentor: Dr. Melinda Costello

MARKETING

DOES INCLUSION IN BEST/WORST LISTS DRIVE REVENUES? EVIDENCE FROM CORPORATE PERFORMANCE AND CONSUMER REACTION
Author: Ena Keric
Faculty Mentor: Dr. Raj Devasagayam

MEDIA BINGEING: WHAT NETFLIX IS DOING TO YOU
Author: Chad Bingo
Faculty Mentor: Dr. Raj Devasagayam

UNCONSCIOUS FEAR OF DISSATISFACTION: HOW NEW YORK METS FANS COPE WITH THE WORLD!
Author: Nicholas Stark
Faculty Mentor: Dr. Raj Devasagayam

GETTING TO THE BOTTOM OF DOMESTIC VIOLENCE

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Scott Trees, Siena College

HYPOTHESIS

Women who get married young (between the ages of 15 and 19) are more likely to experience domestic violence in their lifetime. Getting married early limits young girls' skills, resources, knowledge, social support, mobility and autonomy. Young married girls have little power in relation to their husbands. They are therefore extremely vulnerable to domestic violence, abuse and abandonment. Violence may include physical, sexual or psychological abuse. I looked at the percentage of women who experience domestic violence in their lifetime, percentage of women married between the ages of 15 and 19, gender empowerment, poverty rates, alcohol consumption, and the presence of laws against domestic violence by country. My hypothesis was that countries with a higher prevalence of early marriage would have a higher prevalence of domestic violence.

EQUATION

DV = B1 + (EM) B2 + (GE) B3 + (POV) B4 + (ALC) B5 + (LAW) B6
And B2>0

MATRIX

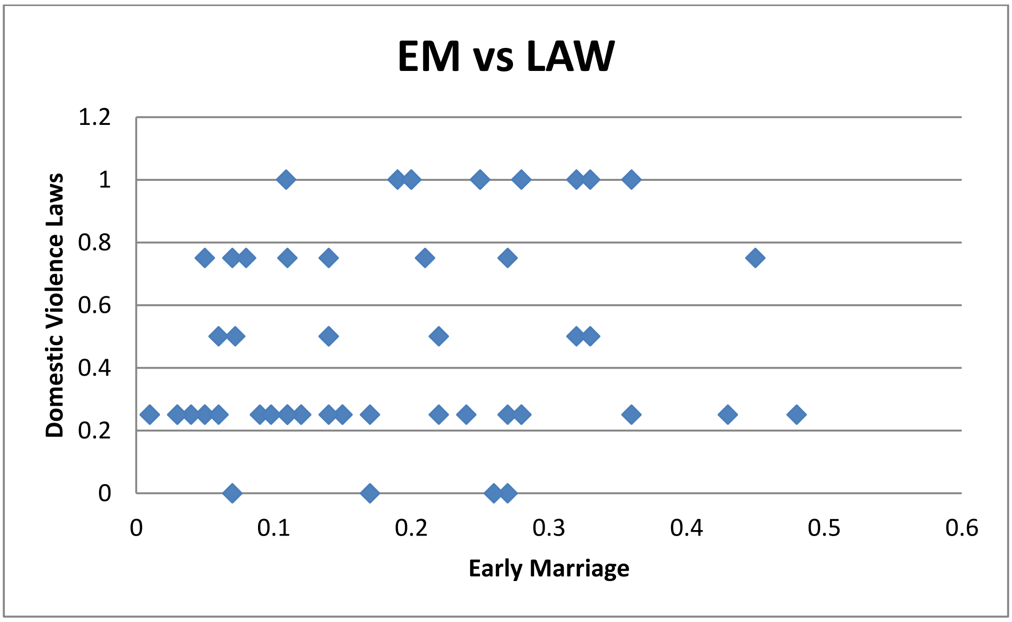
Variable	Variable Definition	Citation	Sign	Practical Significance
DV	Life time prevalence of domestic violence. Percentage of women who have experienced physical and/or sexual violence from an intimate partner at some time in their life. 2012.	http://stats.oecd.org/		
Variable	**Variable Definition**	**Citation**	**Sign**	**Practical Significance**
EM	Early Marriage Measures the prevalence of early and forced marriage. Percentage of women married between 15-19 years of age. 2008.	http://stats.oecd.org/	+	Very Important
GE	Gender Empowerment Measure. A composite index measuring gender inequality in three basic dimensions of empowerment—economic participation and decision-making, political participation, and decision-making and power over economic resources. 2008.	http://stats.oecd.org/	-	Important
POV	Percent of population in poverty (2008-2010).	http://data.worldbank.org/indicator/SI.POV.NAHC	+	Important
ALC	Alcohol consumption (2005) Liters Per Capita.	http://stats.oecd.org/	+	Important
LAW	Laws- score based on an equally-weighted	http://stats.		

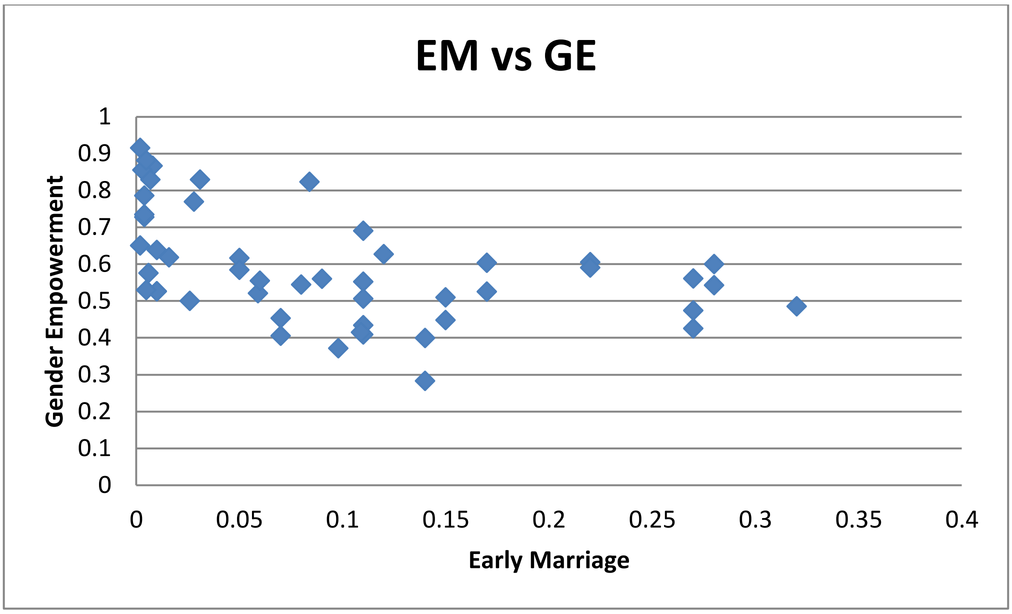
	average of three components: existence of laws against sexual assault or rape; existence of laws against domestic violence; and existence of laws against sexual harassment. Value based on following scale: 0: There is specific legislation in place 0.25: There is specific legislation in place, but there are widespread reported problems with implementation 0.5: There is general legislation in place, or specific legislation is inadequate (e.g. rape laws do not criminalise marital rape) 0.75: Legislation is being planned, drafted or reviewed or existing legislation is highly inadequate 1: No legislation	oecd.org/	+	Important

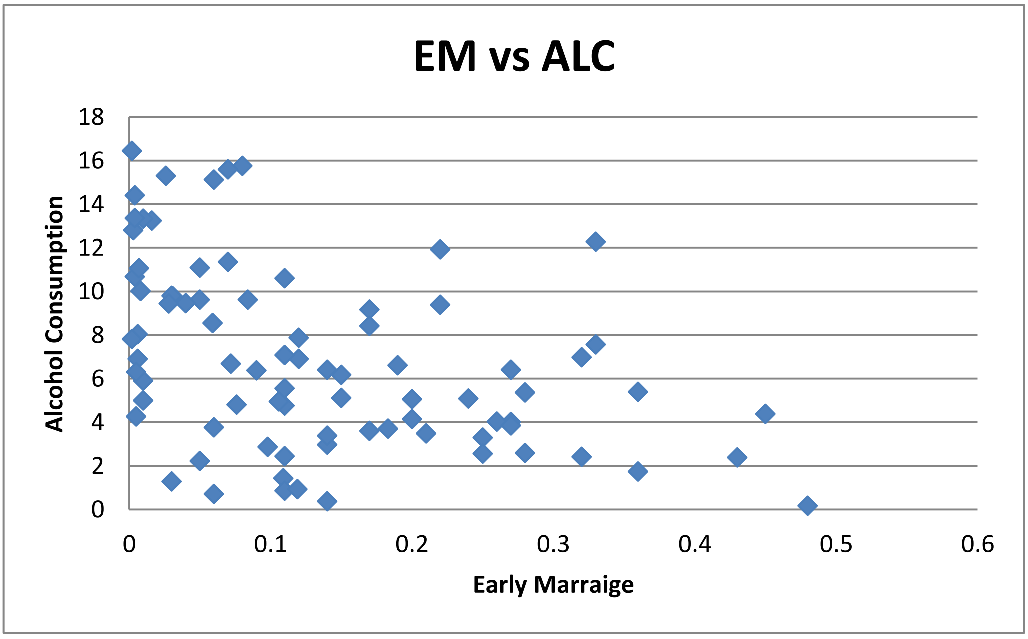
GRAPHS

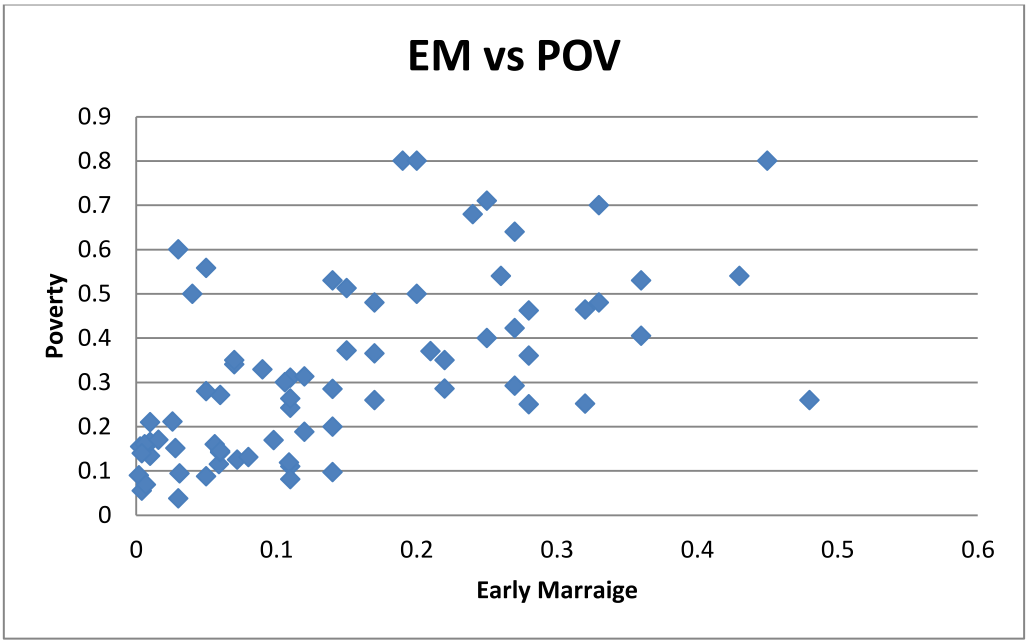
Testing for Multicollinearity:

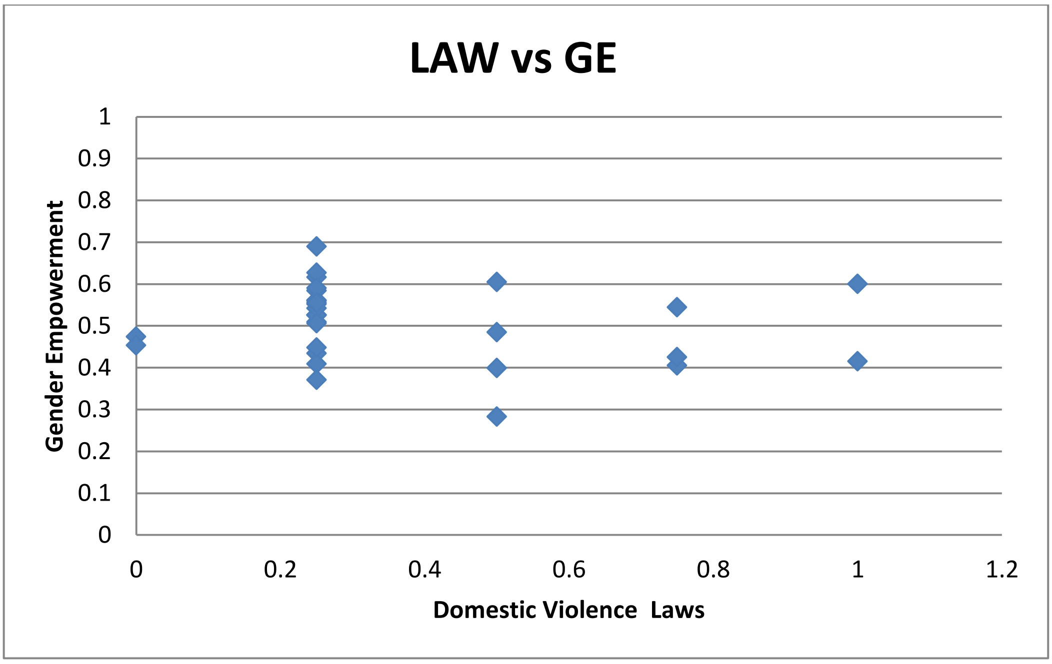
Corr.	EM	DVL	GE	ALC	POV
EM	1	0.238269	-0.4609	-0.44041	0.597964
DVL		1	-0.1770	-0.15372	0.325952
GE			1	0.416412	-0.24635
ALC				1	-0.23116
POV					1

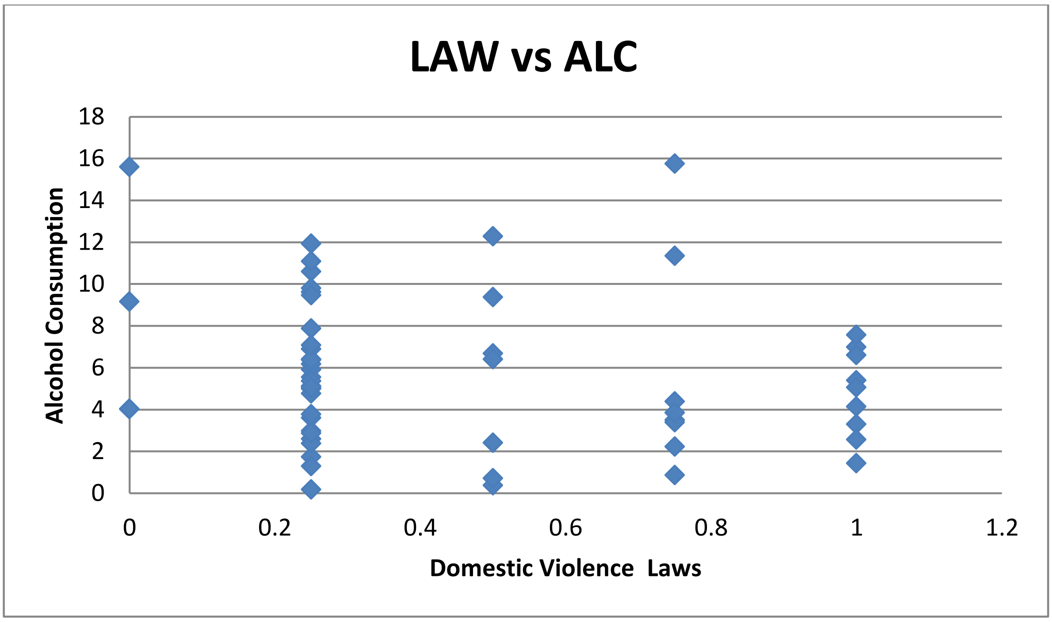


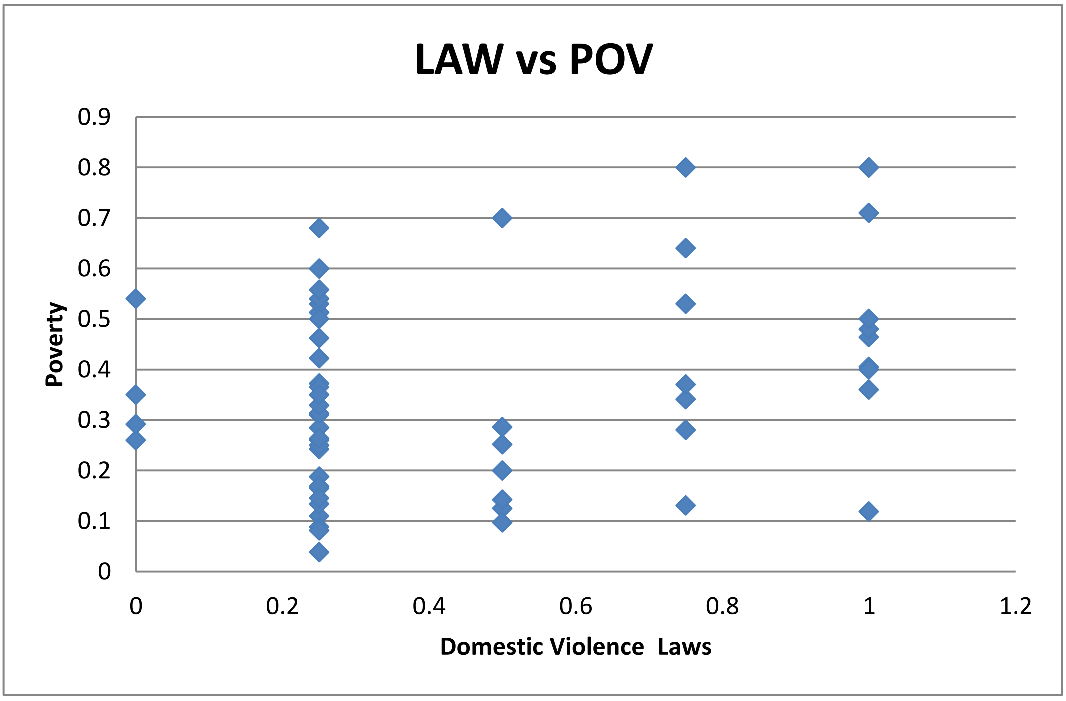

EM vs GE
Gender Empowerment
1
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0
0.05
0.1
0.15
0.2
0.25
0.3
0.35
0.4
Early Marriage

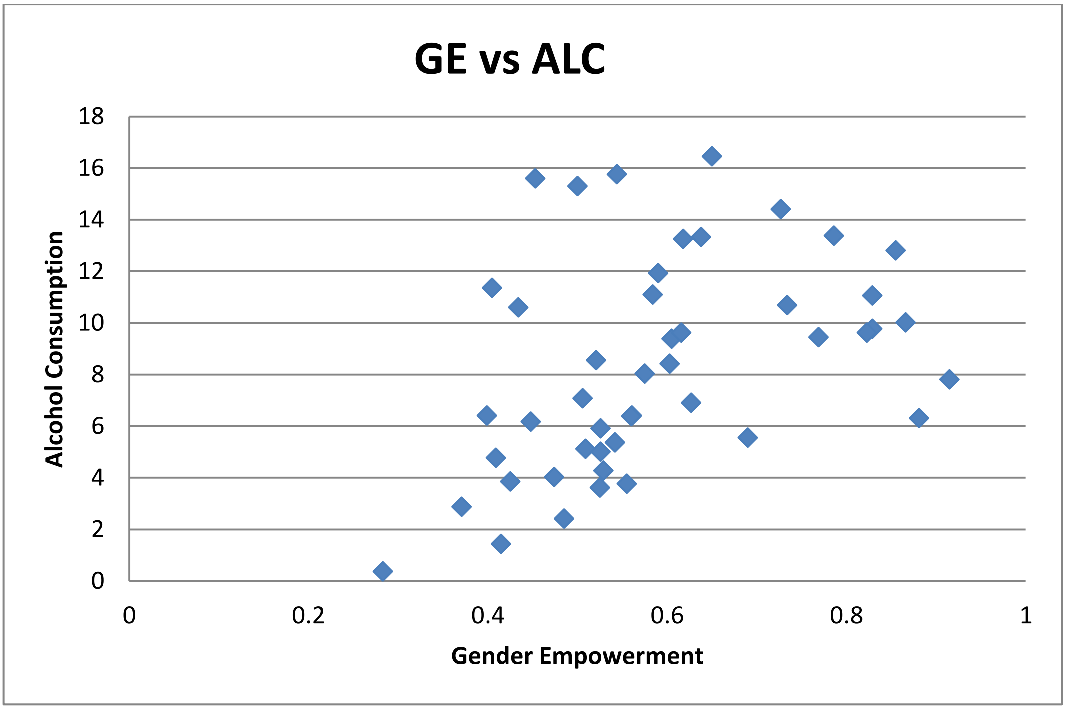

EM vs ALC
Alcohol Consumption
18
16
14
12
10
8
6
4
2
0
0
0.1
0.2
0.3
0.4
0.5
0.6
Early Marraige

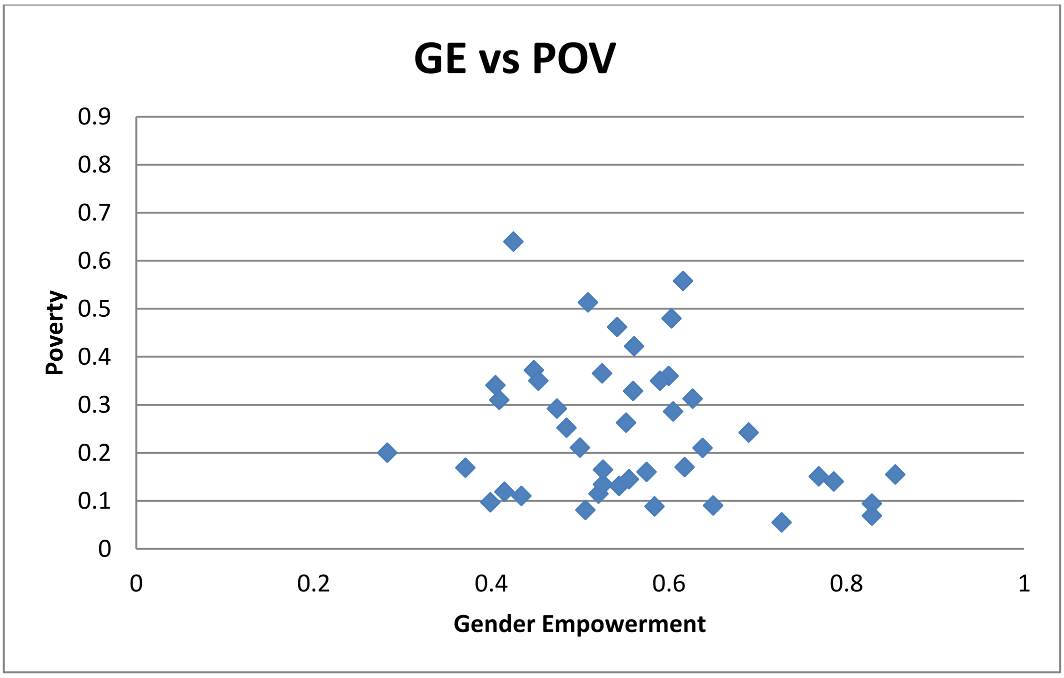

EM vs POV
Poverty
0
0.1
0.2
0.3
0.4
0.5
0.6
0.7
0.8
0.9
0
0.1
0.2
0.3
0.4
0.5
0.6
Early Marraige

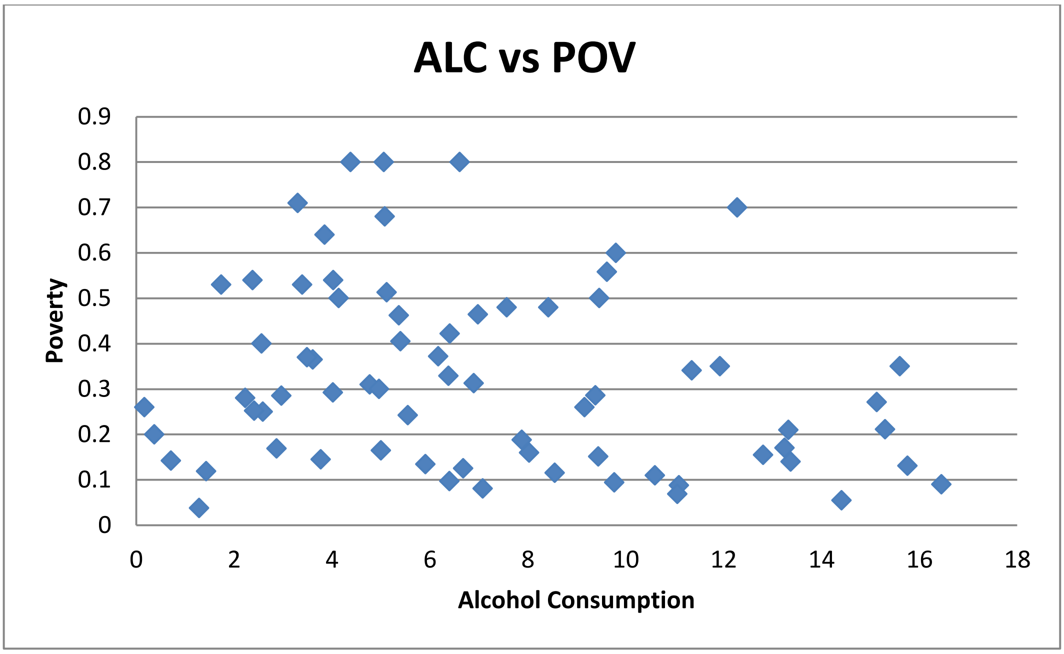

LAW vs GE
Gender Empowerment
0
0.1
0.2
0.3
0.4
0.5
0.6
0.7
0.8
0.9
1
0
0.2
0.4
0.6
0.8
1
1.2
Domestic Violence Laws


LAW vs ALC
Alcohol Consumption
18
16
14
12
10
8
6
4
2
0
0
0.2
0.4
0.6
0.8
1
1.2
Domestic Violence Laws

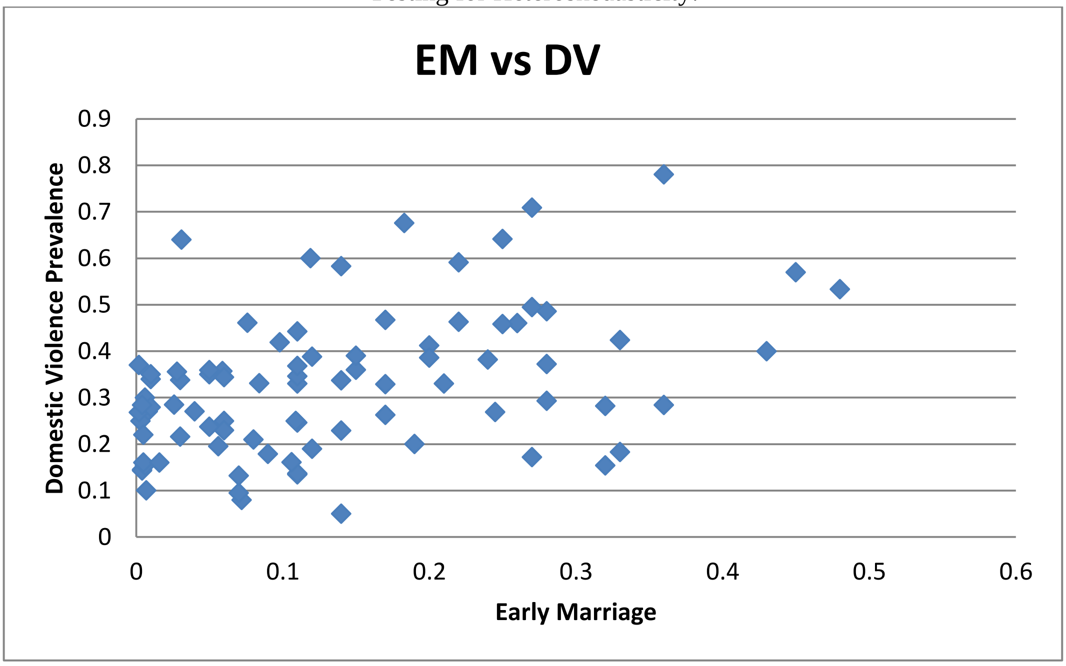

LAW vs POV
Poverty
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0
0.2
0.4
0.6
0.8
1
1.2
Domestic Violence Laws

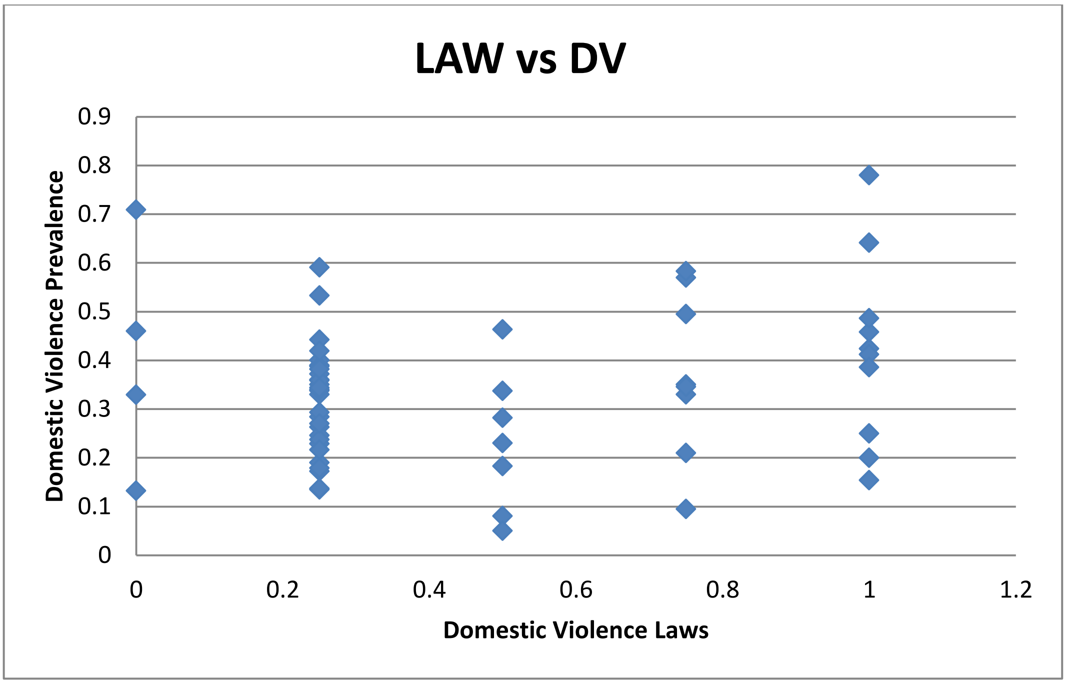

GE vs ALC
Alcohol Consumption
18
16
14
12
10
8
6
4
2
0
0
0.2
0.4
0.6
0.8
1
Gender Empowerment


GE vs POV
Poverty
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0
0.2
0.4
0.6
0.8
1
Gender Empowerment

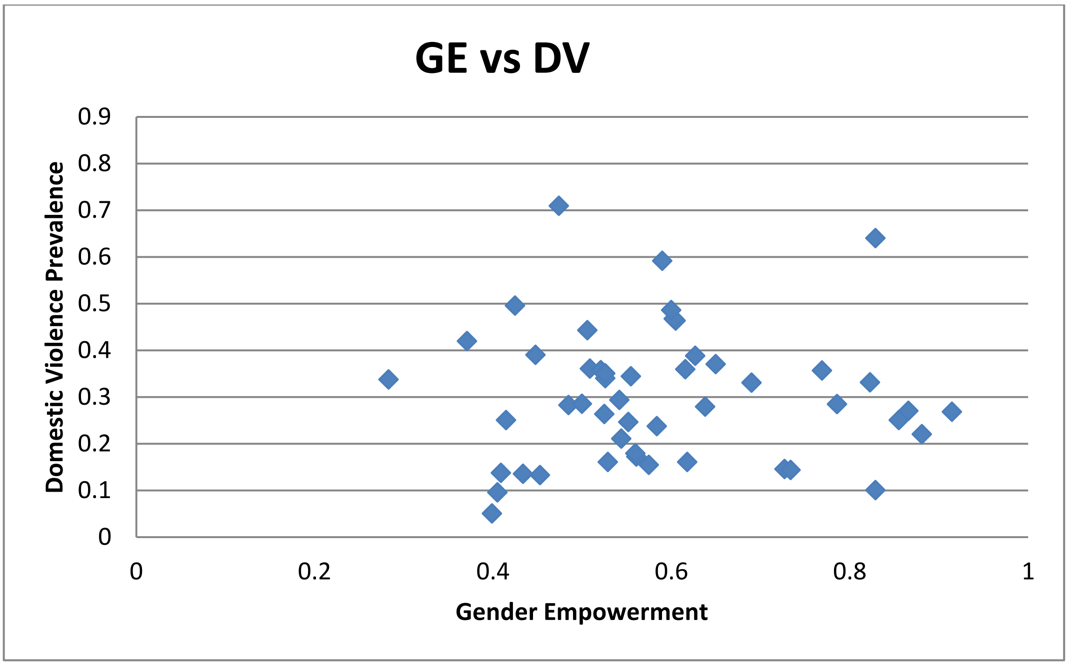


Testing for Heteroskedasticity:

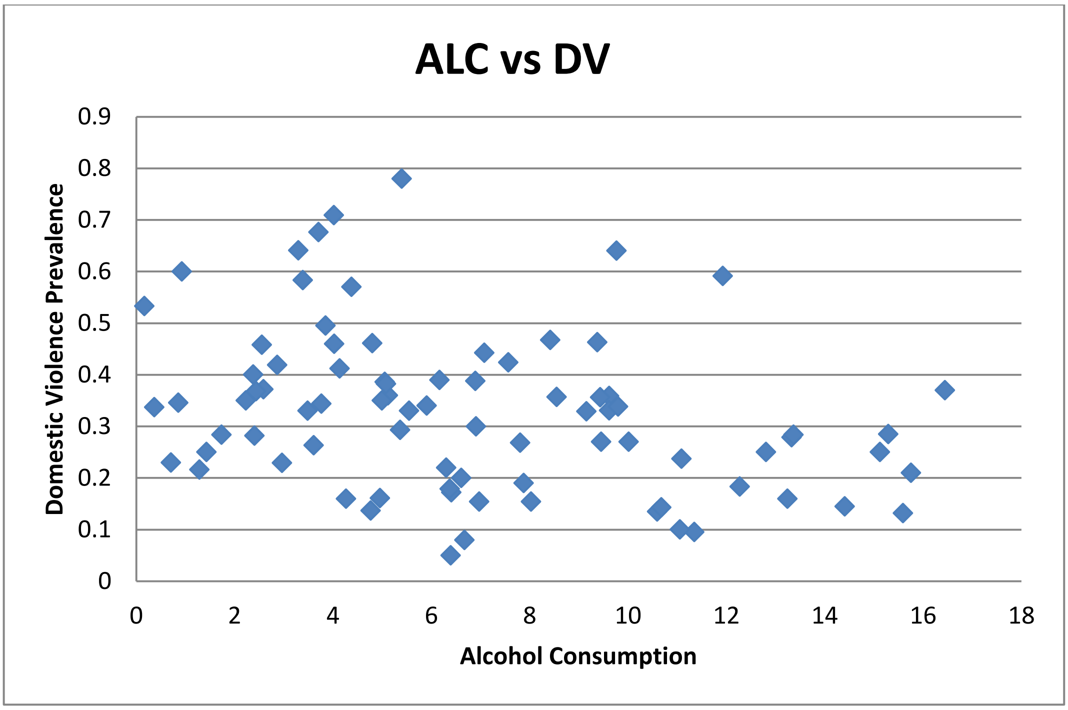


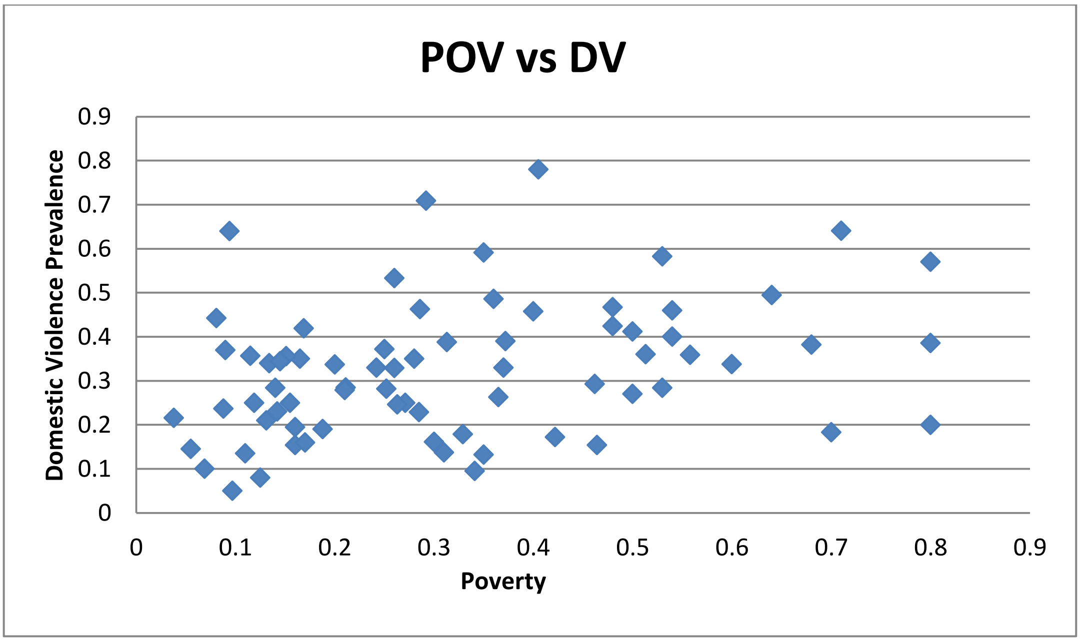


LAW vs DV
Domestic Violence Prevalence
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0
0.2
0.4
0.6
0.8
1
1.2
Domestic Violence Laws



GE vs DV
Domestic Violence Prevalence
0.9
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
0
0.2
0.4
0.6
0.8
1
Gender Empowerment





RESULTS

Initial results:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.476[a]	.226	.042	.145895

a. Predictors: (Constant), Poverty %, Domestic Violence Laws, Alcohol Consumption (Liters per capita), Early marriage, Gender Empowerment

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.200	.203		.984	.336
	Early marriage	.458	.390	.263	1.175	.253
	Domestic Violence Laws	-.161	.141	-.240	-1.138	.268
	Gender Empowerment	.272	.382	.167	.710	.485
	Alcohol Consumption (Liters per capita)	-.006	.009	-.150	-.672	.509
	Poverty %	.061	.217	.062	.280	.782

a. Dependent Variable: Domestic Violence Prevalence

Results after dividing all variables by EM to control for heteroskedasticity:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995[a]	.990	.988	.979347

a. Predictors: (Constant), POV/EM, DVL/EM, ALC/EM, 1/EM, GE/EM

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.174	.288		-.604	.552
	1/EM	.208	.149	.593	1.392	.179
	DVL/EM	-.099	.111	-.072	-.888	.385
	GE/EM	.444	.282	.672	1.572	.132
	ALC/EM	-.014	.005	-.233	-2.708	.014
	POV/EM	.045	.114	.020	.393	.698

a. Dependent Variable: DV/EM

Final results after taking out the LAW variable:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974[a]	.949	.943	7.793931

a. Predictors: (Constant), POV/EM, ALC/EM, GE/EM, 1/EM

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40405.732	4	10101.433	166.291	.000[b]
	Residual	2186.833	36	60.745		
	Total	42592.565	40			

a. Dependent Variable: DV/EM

b. Predictors: (Constant), POV/EM, ALC/EM, GE/EM, 1/EM

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.044	1.579		-.661	.513
	1/EM	.186	.113	.598	1.653	.107
	GE/EM	-.444	.112	-1.036	-3.951	.000
	ALC/EM	.022	.005	1.066	4.917	.000
	POV/EM	.970	.314	.354	3.093	.004

a. Dependent Variable: DV/EM

INTERPRETATION

First, I ran the original regression I set up in my matrix. I ran domestic violence prevalence as the dependent variable against early marriage, implementation of domestic violence laws, gender empowerment, alcohol consumption, and poverty rates by country as independent variables. This gave me an R squared value of 0.226 and an adjusted R squared of 0.042. The large gap between R squared and its adjusted value would lead you to believe that some of the X variables were not necessary. Also, the t-stats were very low and the p values very high, implying none of the variables were significant. Though the dataset I used contained 87 observations, this regression had 21 degrees of freedom due to several countries not reporting some variables.

When I checked for heteroskedasticity, I found that the early marriage variable was very heavily weighted toward its lower values. To correct for this I divided all of the variable values by their corresponding percentage for early marriage and re-ran the regression. When I did this the R squared value jumped to .99 with an adjusted R squared value of .988. The t-stat for alcohol consumption became greater than 2 but other than that the t-stats were still low and p values not significant. Since I did not eliminate any of the variables, just manipulate them, the degrees of freedom was still 21.

After graphing all of the X's against each other I thought there might have been multicollinearity between early marriage and poverty as well as gender empowerment and alcohol consumption. I re-read the descriptions for the variables and did not feel that they were related enough to influence each other. I thought they all were important to the regression and chose not to throw any of them out. After calculating the correlation coefficients between the variables none were greater than .6, though one was close, therefore I knew I did not have a serious problem with multicollinearity. With a Durbin-Watson value of 2.315 and cross-sectional data I determined that there was no autocorrelation. I always felt that the domestic violence laws variable was a little odd due to the fact that it was not a continuous variable or a dummy variable. Instead it was a Likert scale ranking the existence of laws as 0 and no legislation as 1 with a few rankings in between. In the end I chose to throw out this variable because I did not feel that it added anything to the analysis.

When I ran the regression without the domestic violence laws variable (still corrected for heteroskedasticity) the R squared value fell slightly to .949 with an adjusted R squared value of .943. This means that 95% of the variation in the percentage of women who experience domestic violence in their lifetime can be explained by the variation in early marriage, gender empowerment, alcohol consumption and the poverty rate in that area. The .006 difference between R squared and its adjusted value signifies that the independent variables are valuable in explaining domestic violence. Also, the t-stats for the coefficients shot up and the p values dropped dramatically. Since I eliminated a variable that had missing values for some observations, the degrees of freedom rose to 36.

Final Equation:

DV = 0.186 - 1.044 (EM) - 0.444 (GE) + 0.022 (ALC) + 0.97 (POV)

An intercept value of 0.186 implies that if all of the independent variables were zero the percentage of women who experience domestic violence would be 18.6%. This value has a low t-stat of 1.653 which means I cannot rule out that the true value of the intercept is zero. With a p value of 0.107 if I were to reject that the true value is zero I would be wrong 10.7% of the time. A coefficient of -1.044 indicates that for every additional 1% of women married between the ages of 15 and 19 the percent of women who experience domestic violence in their lifetime will fall by 1.044%. This value also has a low t-stat of -0.661 and high p value of 0.513 meaning that I cannot reject that the true value is zero and if I do I will be wrong 51.3% of the time. Gender empowerment has a coefficient of -0.444 which implies that for every 1% increase in women's equality to men the percentage of women who experience domestic violence will fall 0.444%. With a high t-stat of -3.951 and a p value of 0.000 I can rule out that the true value of the coefficient is zero. A value of 0.022 for the coefficient on alcohol consumption indicates that for every additional 1 liter of alcohol consumed in a country 0.022% more women will experience domestic violence. With a high t-stat of 4.917 and a p value of 0.000 I can rule out that the true value of the coefficient is zero. Lastly, a coefficient of 0.970 means that for every 1% increase in the poverty rate in a country the percentage of women who experience domestic violence will increase by 0.97%. With a large t-stat of 3.093 and low p value of 0.004 I can rule out that the true value is zero and be right 99.6% of the time.

CONCLUSION

In conclusion, 95% of the variation in domestic violence prevalence across countries can be explained by the variation in early marriage prevalence, gender empowerment, alcohol consumption and poverty rates. While I thought the percentage of women who were married between the ages of 15 and 19 would greatly increase domestic violence prevalence it turned out to not be significant and the sign on the coefficient was negative. Other than the early marriage and domestic violence laws variables my hypothesis was supported. Gender empowerment, alcohol consumption, and poverty were all important and their coefficients were the sign I had predicted. I feel that the 41 countries observed in this analysis (highlighted in the Data section in yellow) are a small sample that can be used to represent the global population. From countries similar to Azerbaijan and Zambia to developed countries like Germany and the U.S., there were representatives of every type of nation present in this regression. By examining these figures on a global level, it is clear the domestic violence is an issue that should not be taken lightly. Decreasing inequality between men and women, the percentage of people in poverty, and the alcohol consumption in a country could have a large impact on the amount of women abused at home. No country had a value of zero for domestic violence prevalence, but it is what every country should be striving for.

DATA

Country	Domestic Violence Prevalence	Early marriage	Domestic Violence Laws	Gender Empowerment	Alcohol Consumption (Liters per capita)	Poverty %
Albania	0.08	0.072	0.5		6.68	0.125
Angola	0.78	0.36	1		5.4	0.405
Armenia	0.095	0.07	0.75	0.405	11.35	0.341
Australia	0.27	0.008		0.866	10.02	
Azerbaijan	0.135	0.11	0.25	0.434	10.6	0.11
Bangladesh	0.533	0.48	0.25		0.17	0.26
Barbados	0.3	0.006			6.91	
Belarus	0.25	0.06			15.13	0.271
Bolivia	0.36	0.15	0.25	0.509	5.12	0.513
Brazil	0.329	0.17	0		9.16	0.26
Burkina Faso	0.154	0.32	1		6.98	0.464
Cambodia	0.137	0.11	0.25	0.409	4.77	0.31
Cameroon	0.424	0.33	1		7.57	0.48
Canada	0.64	0.031		0.829	9.77	0.094
Cape Verde	0.161	0.106			4.96	0.3
Chad	0.57	0.45	0.75		4.38	0.8
Chile	0.357	0.059		0.521	8.55	0.115
China	0.34	0.01	0.25	0.526	5.91	0.134
Colombia	0.39	0.15	0.25	0.448	6.17	0.372

Congo, The Democratic Republic of the	0.641	0.25	1		3.3	0.71
Costa Rica	0.33	0.11	0.25	0.69	5.55	0.242
Czech Republic	0.37	0.002		0.65	16.45	0.09
Dominican Republic	0.172	0.27	0.25	0.561	6.41	0.422
Ecuador	0.463	0.22	0.5	0.605	9.38	0.286
Egypt	0.337	0.14	0.5	0.283	0.37	0.2
El Salvador	0.263	0.17	0.25	0.525	3.61	0.365
Ethiopia	0.709	0.27	0	0.474	4.02	0.292
Georgia	0.05	0.14	0.5	0.399	6.4	0.097
Germany	0.25	0.003		0.8552	12.81	0.155
Ghana	0.229	0.14	0.25		2.97	0.285
Guatemala	0.46	0.26	0		4.03	0.54
Haiti	0.2	0.19	1		6.61	0.8
Iceland	0.22	0.005		0.881	6.31	
India	0.372	0.28	0.25		2.59	0.25
Ireland	0.145	0.004		0.727	14.41	0.055
Italy	0.143	0.004		0.734	10.68	
Jamaica	0.35	0.01	0.25	0.526	5	0.165
Japan	0.154	0.006		0.575	8.03	0.16
Jordan	0.23	0.06	0.5		0.71	0.142
Kenya	0.412	0.2	1		4.14	0.5
Kiribati	0.676	0.183			3.71	
Lebanon	0.35	0.05	0.75		2.23	0.28
Liberia	0.386	0.2	1		5.06	0.8
Malawi	0.284	0.36	0.25		1.74	0.53
Maldives	0.195	0.056				0.16
Malta	0.16	0.005		0.529	4.27	
Marshall Islands	0.269	0.245				
Mexico	0.467	0.17		0.603	8.42	0.48
Moldova, Republic of	0.246	0.11	0.25	0.552		0.263
Mozambique	0.4	0.43	0.25		2.38	0.54
Namibia	0.359	0.05	0.25	0.616	9.62	0.558
Nepal	0.282	0.32	0.5	0.485	2.41	0.252
New Zealand	0.331	0.084		0.823	9.62	
Nicaragua	0.293	0.28	0.25	0.542	5.37	0.462
Nigeria	0.183	0.33	0.5		12.28	0.7
Norway	0.268	0.002		0.915	7.81	
Papua New Guinea	0.33	0.21	0.75		3.49	0.37
Paraguay	0.19	0.12	0.25		7.88	0.188
Peru	0.388	0.12	0.25	0.627	6.9	0.313
Philippines	0.179	0.09	0.25	0.56	6.38	0.329

Poland	0.16	0.016		0.618	13.25	0.17
Romania	0.285	0.026		0.5	15.3	0.211
Russian Federation	0.21	0.08	0.75	0.544	15.76	0.131
Rwanda	0.338	0.03	0.25		9.8	0.6
Samoa	0.461	0.076			4.8	
Serbia	0.237	0.05	0.25	0.584	11.09	0.088
Slovakia	0.279	0.01		0.638	13.33	0.21
South Africa	0.27	0.04	0.25		9.46	0.5
Sudan	0.458	0.25	1		2.56	0.4
Switzerland	0.1	0.007		0.829	11.06	0.069
Syrian Arab Republic	0.25	0.109	1	0.415	1.43	0.119
Tajikistan	0.583	0.14	0.75		3.39	0.53
Tanzania, United Republic of Tanzania	0.486	0.28	1	0.6		0.36
Thailand	0.4425	0.11	0.25	0.506	7.08	0.081
Timor-Leste	0.346	0.11	0.75		0.86	
Tunisia	0.216	0.03	0.25		1.29	0.038
Turkey	0.419	0.098	0.25	0.371	2.87	0.169
Tuvalu	0.368	0.11			2.44	
Uganda	0.591	0.22	0.25	0.59	11.93	0.35
Ukraine	0.132	0.07	0	0.453	15.6	0.35
United Kingdom of Great Britain	0.284	0.004		0.786	13.37	0.14
United States	0.356	0.028		0.769	9.44	0.151
Vanuatu	0.6	0.119			0.93	
Viet Nam	0.344	0.06	0.25	0.555	3.77	0.145
Zambia	0.495	0.27	0.75	0.425	3.85	0.64
Zimbabwe	0.382	0.24	0.25		5.08	0.68

ESTIMATING THE FEMINIZATION OF POVERTY

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ABSTRACT

The term 'feminization of poverty' was first introduced by Pearce (1978) for describing the rising number of single-female headed households who were in poverty in the United States. The gender poverty gap, the difference in poverty rates for women and men, continues to persist today, and can be attributed to various factors. This paper explores these indicators, which include the family head's sex, age, number of children, race, household geography, and the state unemployment rate. I hypothesize that the family head's sex will be a statistically significant variable, which would allow me to conclude that poverty can in fact be attributed to more women being single-heads of families compared to men. I use a probit and marginal effects analysis to estimate probability of poverty based on these variables.

INTRODUCTION

Over the past three decades, the term 'feminization of poverty' has been used to describe the rising number of single-female headed households who are in poverty. In 1980, the poverty rate for female-headed households with no husband present was 32.7 percent and rose to 33.4 percent in 1990 (Census Bureau, 2013, Table 4). Recently, however, this rate has decreased to approximately 30 percent (Census Bureau, 2013, Table 4). Regardless of household type, women are more likely than men to be in poverty. In 2011, the poverty rate for women over the age of 18 was 14.5 percent and only 11 percent for men of similar ages (Entmacher et al., 2013).

Previous research suggests that this gender poverty gap, the difference in poverty rates for women and men, can be attributed to more women being single-heads of families compared to men (Bianchi, 1999; Christopher et al., 2002). Moreover, women are more likely to have custody of their children (Starrels, Bould & Nicholas, 1994), and therefore require additional income to care for children and be above the poverty threshold.[1] Having two parents does not necessarily eliminate a family's likelihood of being in poverty, but it does reduce its likelihood. Studies have shown relationships in other variables, such as race, geography, and education with the differing poverty rate among men and women (Starrels, Bould & Nicholas, 1994; Lichtenwalter, 2005; Cawthorne, 2008). My analysis will assess whether this causality is present in the United States using recent data from the Current Population Survey. I hypothesize that being a female householder increases the probability of the household being in poverty. While sex is the primary control variable, I will also be controlling for the presence of children, the parent's education, the parent's race, the household's geography, and the unemployment rate in the household's state of residency.

THE FEMINIZATION OF POVERTY

The "feminization of poverty" was first introduced by Pearce (1978) to characterize rising poverty rates for women, and in particular, single-mothers and their children in the United States.[2] The primary purpose of Pearce's work was to demand that gender be considered in welfare reform. Since then, numerous studies have criticized Pearce's method as well as created new approaches to measuring the gender poverty gap in the United States and internationally (McLanahan et al., 1989; Starrels et al., 1994; Kimenyi and Mukum, 1995; Pressman, 1998, 2002; Bianchi, 1999; McLanahan and Kelly, 1999; Christopher et al., 2002). These empirical studies explore differences in poverty rates over time, and conclude that these differences can be explained by factors

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[1] Women are also more likely to be time-poor (Floro, 1995), having less time for formal labor market activities if they must care for children. For the purpose of this paper, I discuss poverty as deprivation of income. For alternative views of economic deprivation, including time-poverty, please see Sen (1983), Floro (1995), Atkinson (2003).

[2] A family's poverty status is determined by comparing a family's income to its poverty threshold. A family with income less than its threshold is defined as "in poverty," while a family with an income greater than its poverty threshold is defined as "out of poverty." Poverty rates are calculated as the total number of families in poverty divided by the total number of families

such as family structure, the householder's race, the number of and age of children present, the householder's education, and where the household is located (urban versus suburban).

Empirically, there has been much debate about the best method to measure 'the degree of feminization' occurring among poverty rates. When this term was first coined, it was unclear whether Pearce (1978) was referring to an increasing number of adult women entering poverty, or specifically female-headed households. Focusing on gender as the unit of analysis, specifically single females and single males, other scholars have developed a sex/poverty ratio, which weights the single male and single female poverty rates by the proportion of adults who are single (McLanahan et al., 1989; McLanahan, Casper, & Sorensen, 1995; McLanahan & Kelly, 1999). This ratio weight was not present in Pearce's analysis. Results from a study using the sex/poverty ratio suggested that women were overrepresented in poverty from 1950 to 1970 in the United States among all age groups and among both whites and blacks (McLanahan & Kelly, 1999). This feminization occurred while poverty rates for men and women were falling, however the poverty rate for men declined faster than that for women, causing the sex/poverty ratio to increase. Since the 1970's, the feminization of poverty has continued to rise unabatedly among the elderly and has remained fairly constant among working aged adults. McLanahan and Kelly (1999) also found evidence of a "defeminization of poverty" that occurred among white middle-aged adults in the 1970's and 1980's.

AN OVERVIEW OF POVERTY STATISTICS IN THE UNITED STATES

Figure 1 illustrates the poverty rates of women and men by age in 2011 (U.S. Census Bureau, 2012). For every age group greater than 18 years old, a greater percent of women are in poverty than men (U.S. Census Bureau, 2012). Moreover, the poverty gap is greatest for people age 20 to 24, those age 25 to 29, and those age 30 to 34. During these ages women are most likely to have young dependents (Starrels, Bould, & Nicholas, 1994), and so requiring them to have higher family incomes to be out of poverty. At older ages, the poverty gap decreases but not entirely. Then, for people age 75 or older, the poverty gap increases drastically. This late widening of the poverty gap has been linked to differences in life expectancy by gender (McLanahan & Kelly, 1999; Cawthorne, 2008). Women have a greater life expectancy than men and so are overrepresented in this age category. Even if they were married, these women are likely to be alone.

While poverty rates for women clearly surpass those of men in almost all age groups, household structure is a better indicator of whether the feminization of poverty exists. In 2012, 31 percent of those families with a female householder, no husband present, were in poverty, while 16 percent of families with a male householder, no wife present, were in poverty (Census Bureau, 2013). Only six percent of married-couple families fell below the poverty line, suggesting that single-female and single-male headed households were at higher risks of being in poverty due to the lack of two incomes.

Apart from the gender of the parent and the family structure, the parent's race has been linked the family's poverty status (Starrels, Bould & Nicholas, 1994; Snyder, McLaughlin & Findeis, 2006; Cawthorne, 2008). Figure 2 displays gender poverty gaps by race (U.S. Census Bureau). In all cases, poverty rates for women surpass those of men, most greatly among African Americans and Hispanics. Cawthorne (2008) found that African American and Latina women are nearly twice as more likely to live in poverty compared to White women.

Difference in poverty rates by race have been linked to differences in geography, educational attainment, employment, and family structure barriers. Starrels, Bould, and Nicholas (1994) found that minority, single-female headed households with children under the age of 18 are more at risk of poverty than their male counterparts due to a lack of education, patterns of family formation, and urban residency. Minorities are more likely to live in urban settings, or central cities, in community structures that suppress opportunities to find proper employment, quality education, and stable marriages. For example, urban jobs are more likely to be full-time, year-round jobs that do not allow flexibility to those with family responsibilities (Brown & Hirschl, 1995). Also, high male unemployment in low-income black neighborhoods has resulted in a very limited pool of marriageable men (Starrels, Bould, Nicholas, 1994). Holding all other indicators constant, however, we would still find the highest poverty rates among female minorities due to discrimination. Starrels et al. (1994) point out that racial discrimination impacts poor Blacks far more than middle-class Blacks. Middle-class Blacks are able to escape impoverished communities, taking resources and information about job opportunities with them.

DATA

3.1 Methodology

I used data from the 2013 March Supplement of the Current Population Survey (CPS) to analyze the poverty gap and income gap of female-headed households and male-headed households in 2012. The CPS is administered by the U.S. Census Bureau, to collect annual household-level income data. Households are selected using a probability selection sample of 100,000 households. People who reside in institutions (e.g. nursing homes and prisons) are excluded from the sample. Data are collected through personal and telephone interviews. Person-level data is collected from all household members age 15 or older.

I predict the probability that a family will be in poverty given certain socio-demographics, family characteristics, and local labor market characteristics. However, my main focus is on single-female headed families and single-male headed families. I examine households composed of a single family unit and no cohabiting partner, with families consisting of at least one biological or adopted child, under the age of 18, present. To avoid assuming income pooling across household members, I exclude complex household and family structures, including households with more than one family, families with a cohabitating partner, and families with foster children.[3]

I am particularly interested in how children might affect a family's likelihood of being in poverty so I also exclude single-headed households with no children. I have included families where the head of the family is widowed or separated from their partner. As Table 3 shows, the highest number of children exist in families where the family head is either divorced, never married, or single. This trend reflects changing family structures in the United States. Today, we observe higher divorce rates than fifty years ago when it was more common for couples to stay together until one partner died. Today's couples leave their marriages voluntarily and frequently, and people are waiting longer to get married (McLanahan & Kelly, 1999). The final data set for analysis includes 5,916 single-parent families: 1,078 male-headed families (18.22 percent) and 4,868 female-headed families (81.78 percent).

4.1. Variables

1. Descriptive statistics of outcome variable

The probit model estimates the probability of a family being in poverty, controlling for the presence of children, the parent's education, the parent's race, the household's geography, and the state unemployment rate. A family is classified as being in poverty if its total money income is less than its official poverty threshold. The U.S. Census Bureau determines the official poverty thresholds, which account for a family's size and age composition. In 2012, the official poverty threshold for a single-parent household with two children was \$18,498 (U.S. Census Bureau, 2013) (see table 4). As of 2012, the official poverty rate for the United States was calculated at 15.0 percent. Of these 5,916 families, approximately 31.5 percent are in poverty. Of the 1,078 male householders, 14.6 percent fall below the poverty line, and 35.3 percent of the 4,838 female householders fall below the poverty line ($p<0.001$).

2. Age of householder

In general, the elderly populations, especially elderly females, have higher probabilities of being in poverty because life expectancy continues to increase, they are typically not employed, and they are more likely to be without a spouse. Younger family heads have a greater probability of being in poverty due to lack of education and professional experience, lack of childcare, and certain trends in marriage (e.g. increasing marriage age, single-parenthood more socially acceptable). Figure 5 displays the normal distribution of householders by their age group. The stories are much different for women versus men, however. We see the highest percentage of households with householders in the 35 to 44 year old range for women, and the 45 to 54 year old range for men. Figure 6 then breaks down these age groups both by sex and the percentage of those households that fall below the poverty line. According to the graph, females have a higher incidence of poverty among the young age groups, but the rate becomes almost equal for the 35 to 44 year old group. After that, more male households are below the poverty line than women, until we reach the 65 and older population (for which the poverty incidence is surprisingly small). These figures allow us to understand the demographics of the data set we will be analyzing, as well as compare these demographics to theories found in the literature surrounding likelihood of poverty.

3. Number of own children in the household

Householders report the exact number of children that live with them. I believe that the more children that live with the householder, the more likely the householder is to fall below the poverty line. Most of the families have one child present (47.3 percent of the families), approximately 34.2 percent have two children and

[3] Families with foster children are removed from the sample because we assume that the parent can easily eliminate the financial burden of a foster child by putting them back into the foster care system. They cannot "give back" their own biological child(ren).

the remaining 18.5 percent have between three and nine. The data are top coded to nine children per family, which is less than one percent of families in the sample.

Figure 7 illustrates the distribution of number of children in the household by gender. As the graphs demonstrate, a vast majority of the male-headed households have one child present (60.2 percent). While this percentage is less for female-headed households, these households have a wider spread of number of children (up to nine), and the percentage of household with two or more children surpass those of the male-headed households. The mean number of children for males is 1.53 children and 1.85 children for females ($t=-10.0$; $p<0.01$).

4. Race of householder

I control for the householder's race as well, which is a mutually exclusive variable: White, Black, Hispanic, and other. As discussed earlier, studies have drawn conclusions that minorities tend to have a greater probability of being in poverty than their white counterpart, especially single females (Cawthorne, 2008; Snyder, McLaughlin, & Findeis, 2006; Starrels, Bould & Nicholas, 1994). I believe that we will come to the same conclusion in the analysis. In the sample, approximately 52 percent of the householders are White, and 22 percent of that population identify with being below the poverty line. 23 percent of the householders are Black, 19 percent are Hispanic, and five percent are "other". Of these three racial groups, 43 percent of both Black and Hispanics fall below the poverty line, and 27 percent of "other" races fall below as well. While a majority of our householders are White, a higher percentage of the minority races are recorded as being in poverty ($p<0.001$).

5. Highest education level attained by householder

I also control for the family head's highest educational attainment: less than a high school diploma, a high school diploma or general education degree (GED) equivalent, some years of college, and a Bachelor's degree and higher. The highest percentage of the household heads recorded having some level of college education (35 percent), and the fewest households have less than a high school education. We expect there to be some variation in the different educational attainments and the probability of poverty. I predict that lower levels of education (less than a high school degree) will result in higher probability of being in poverty, while high levels of educational attainment will correspond with a lower probability of being in poverty.

6. Urban or rural area

I also control for the geographical location of the household (e.g. whether they are located in an urban or rural area). Geography is important to determining risk of being in poverty because availability and access to public resources (e.g. transportation, employment, welfare programs) can vary across these geographies (Starrels, Bould, & Nicholas, 1994; Snyder, McLaughlin, & Findeis, 2006). Approximately 81 percent of the households report living in an urban area, whether it is in or around a central city. 17 percent of the remaining households live in a rural setting (not in a metropolitan area). I believe that households located in a rural setting more likely to be in poverty, because transportation and employment opportunities are not as abundant as they are in urban settings.

7. State Unemployment Rate

Lastly, I control for the average annual unemployment rate for each family's state of residency (Bureau of Labor Statistics, 2012). The purpose of controlling for unemployment rate is to capture trends in the individual labor markets for each state. I assume that the higher the unemployment rate, the greater the probability is of a family falling below the poverty threshold. Unemployment rates range from three percent to 11.5 percent, with a mean of approximately 7.8 percent.

RESULTS

Table 7 shows an overview of the descriptive statistics of the variables and table 8 shows the marginal effects and standard errors from the probit model. Female headed families are 0.145 more likely to be in poverty than male headed families ($p<0.001$). These results also suggest that family head who are a minority (Black ($p<0.001$), Hispanic ($p<0.001$), or other), did not graduate from high school ($p<0.001$), who have many children ($p<0.001$), and who are living in a rural area ($p<0.001$) are more likely to be in poverty. Contrarily, family heads who are older ($p<0.001$), have some college attainment ($p<0.001$) or a Bachelor's degree and higher ($p<0.001$), and who live in an urban setting ($p<0.001$) are less likely to be in poverty. Age has the smallest impact, as an increase in a year of age leads to a decrease in the probability of being in poverty by 0.008. Having a bachelor's degree or higher reduces the family's likelihood of being in poverty by 0.289, which is the greatest marginal effect of all the variables.

Figure 9 displays the predicted probability of a male and female householder living in poverty based on certain ages. These probabilities are predicted for the average sample individual: White, average number of children, some college, and living in an urban setting. The female probabilities are higher than the males' for all age points, but we see a downward sloping trend in both curves that get closer as age increases. While literature suggests that elderly adults are more likely to be in poverty than their middle-aged counterparts, results from this analysis suggest that older family heads are less likely to be in poverty. Also, the gap between gender trend lines decreases as age increases, suggesting that the gender poverty gap shrinks among older family heads.

Figure 10 shows the predicted probability of a female and male householder being in poverty based on the number of children present. The marginal effects results tell us that, on average, a family is 0.057 more likely to be in poverty with each additional child present in the household. The upward-trending slope in both male and female graphs is not surprising, because an increasing number of children mean an increasing financial burden on the head of household. The space between the female and male lines illustrates the poverty gap. We see that the poverty gap is smallest among families with one or two children or families with 11 or more children. The poverty gap is widest among families with three to 10 children. With one child, female headed families are nearly 0.20 more likely to be in poverty; male headed families must have 3 to 4 children before they have a similar likelihood of being in poverty.

DISCUSSION

As much of the literature reveals, there are multiple factors that result in a higher probability of falling below the poverty threshold. The analysis concludes that race, the presence of children, low levels of education, and rural habitation all contribute to higher probabilities of being poor.

According to the analysis results, apart from sex, educational attainment variables had the greatest marginal effects. I found that most of the research on poverty did not control for education specifically. Instead, it was often concluded to be an indirect cause of poverty. For example, Starrels et. al. (1994) concluded that female minorities are more likely to live in poverty due to low levels of education and their area of habitation. In this case, race is main control, not the level of educational attainment. My results conclude that educational attainment, regardless of race, is statistically significant in estimating the likelihood of an individual living in poverty. Policy should therefore continue to fund programs that encourage youth to graduate high school or get their GED, because their probability of being in poverty decreases once they receive their diploma or equivalent.

A variable that did not follow the path that research had suggested was age of the householder. Historical patterns in poverty rates among women and men in different age groups led me to believe that probability of being in poverty increased in the later stages of life, and were high during youth as well (McLanahan & Kelly, 1999; Cawthorne, 2008). Instead, I saw a continuously decreasing poverty gap as the age of the head of household increased. Women still have longer life expectancies than men, however this gap has also began to decrease, suggesting that men are living longer than they have in the past. It is possible that, with the aging population and advances in medical technology, women are less likely to become widowed at a younger age, and are thus, less vulnerable to poverty. Also, previous research did not control for the presence of children and the older heads of families in my sample all have at least one child under the age of 18.

Based on the results from my analysis, I cannot conclude that feminization of poverty stills exists in the United States. Firstly, I only examined a subset of women in poverty that were single-female household heads with at least one child under the age of 18. Measuring the feminization of poverty, by using the sex/poverty ratio for example, should include women without children, as well as those in complex households. However, I can confirm that a single, female-householder is more likely to be in poverty than her single, male counterpart ($p<0.001$).

LIMITATIONS

Limitations for this analysis can be found in both the model as well as the data set. The model controls for seven factors that I believe impact the likelihood of a family to be in poverty, but other factors exist. For example, I did not control for occupational segregation, or any variable related to individual labor trends (e.g. job industry, salary, hours worked per week). Studies have concluded that women tend to populate some of the lowest wage occupations, which could impact their probability of being in poverty (McLaughlin & Sachs, 1988; Petersen & Morgan, 1995; Lichtenwalter, 2005).

In regards to the data set, there are limitations in regards to human error. We rely on the responses of the individuals as well as the coding of the data collector to get truthful data.

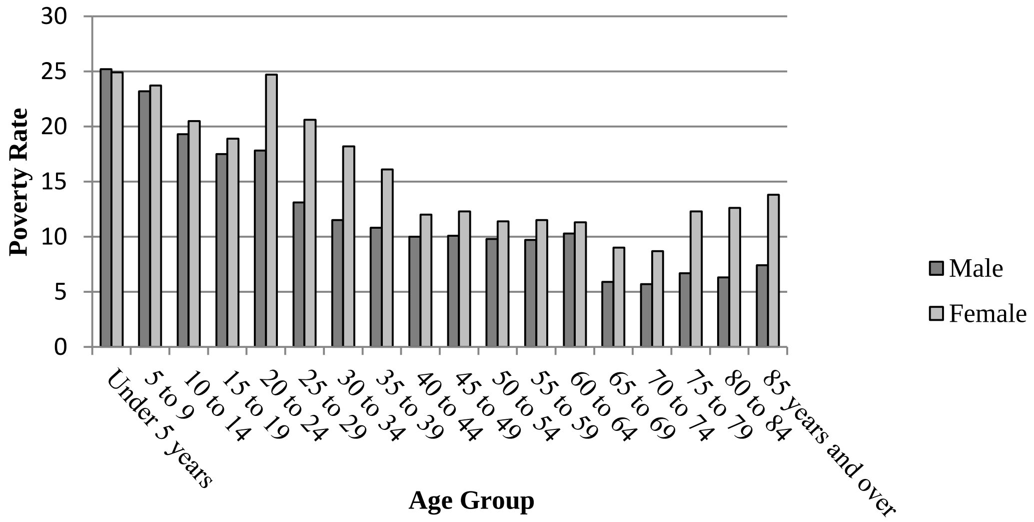
CONCLUSION

The political atmosphere surrounding feminist approaches to policy-making, or even recognizing gendered approaches, is slow to take root. Policy-makers, who have focused their attention on this need among the single female population and their children, believe that increased resource allocation and welfare benefits will solve the problem. Instead, they should be allocating resources towards programs to help these single mothers complete higher levels of education or learn a marketable trade or skill. Childcare and transportation subsidies are extremely valuable for this population, and should be allocated accordingly to both single mothers and single fathers. I believe that the family should be able to receive childcare subsidies until the child is at least 15 years of age, and this includes any after-school programs. This will allow the family head to commit to a proper job search if they are unemployed, or to work longer hours if they are employed. Also, transportation subsidies should be focused on those individuals living in rural areas, and should be allocated until the family head has proof that they can afford public transportation or a car.

While this analysis focused primarily on single-female and single-male headed households with one primary family and no cohabitation, it is important to stress that households are much more complex today than they were 50 years ago. Chant (2003) claims that it is not right to create a blanket stereotype for all female-headed-households when it comes to policy-making and resource allocation, and I agree. Female-headed-households can be of different compositions, so we should look at individual characteristics in order develop better intervention tactics. For example, multigenerational families, or "grandmother" headed households is becoming more common among households in rural areas. These families face particularly severe economic hardship due to their unique structure and source of income (Snyder, McLaughlin, & Findeis, 2006). Also, cohabitation is much more common as people wait longer to get married. It may be useful to group the population of single-mother families together in order to reach the most vulnerable, but additional research based on multigenerational and cohabitating households is necessary to better understand why poverty rates for women still continue to exceed those of men.

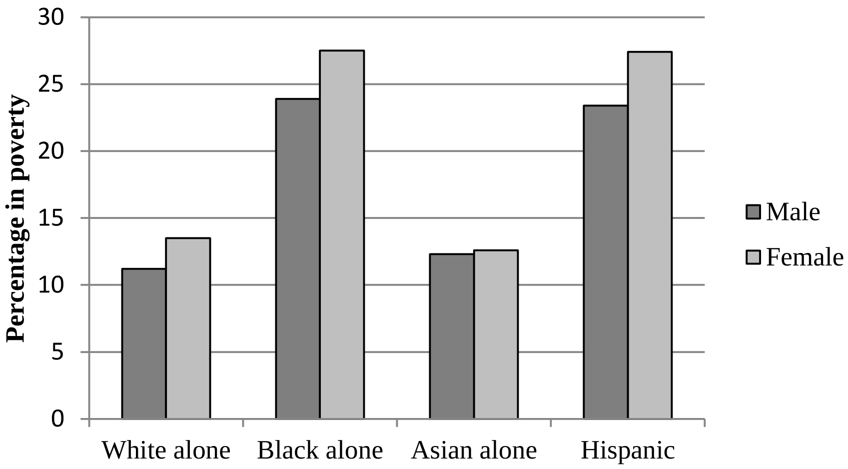
Tables and Figures

Figure 1. Poverty Rates by Sex (2011)



Source: U.S. Census Bureau, *Current Population Survey, 2012*

Figure 2. Poverty Rates by Gender and Race (2009)



Source: U.S. Census Bureau, *Current Population Survey, 2010*

Table 3. Distribution of number of children by marital status

	Number of own children in household									
Marital Status	1	2	3	4	5	6	7	8	9+	Total
Separated	311	323	146	49	17	4	3	0	0	853
Divorced	1,265	953	295	70	21	5	1	0	0	2,610
Widowed	186	114	28	13	0	0	0	0	1	342
Never married/single	1,035	633	288	112	30	8	4	1	0	2,111
Total	2,797	2,023	757	244	68	17	8	1	1	5,916

Table 4. Poverty Thresholds by Size of Family and Number of Related Children under 18 (2012)

Size of family unit	**Weighted average**	**Related children under 18 years**								
		None	**One**	**Two**	**Three**	**Four**	**Five**	**Six**	**Seven**	**Eight +**
One person (unrelated individual)	**$11,720**									
Under 65 years..............	**$11,945**	**$11,945**								
65 years and over..................	**$11,011**	**$11,011**								
Two people..............	**$14,937**									
Householder under 65 years……	**$15,450**	**$15,374**	**$15,825**							
Householder 65 years and over....	**$13,892**	**$13,878**	**$15,765**							
Three people.............	**$18,284**	**$17,959**	**$18,480**	**$18,498**						
Four people..............	**$23,492**	**$23,681**	**$24,069**	**$23,283**	**$23,364**					

Five people..............	**$27,827**	**$28,558**	**$28,974**	**$28,087**	**$27,400**	**$26,981**				
Six people..............	**$31,471**	**$32,847**	**$32,978**	**$32,298**	**$31,647**	**$30,678**	**$30,104**			
Seven people............	**$35,743**	**$37,795**	**$38,031**	**$37,217**	**$36,651**	**$35,594**	**$34,362**	**$33,009**		
Eight people..............	**$39,688**	**$42,271**	**$42,644**	**$41,876**	**$41,204**	**$40,249**	**$39,038**	**$37,777**	**$37,457**	
Nine people or more.................	**$47,297**	**$50,849**	**$51,095**	**$50,416**	**$49,845**	**$48,908**	**$47,620**	**$46,454**	**$46,165**	**$44,387**

Source: U.S. Census Bureau (2012) Poverty Thresholds

Figure 5. Age distribution by gender: 2012

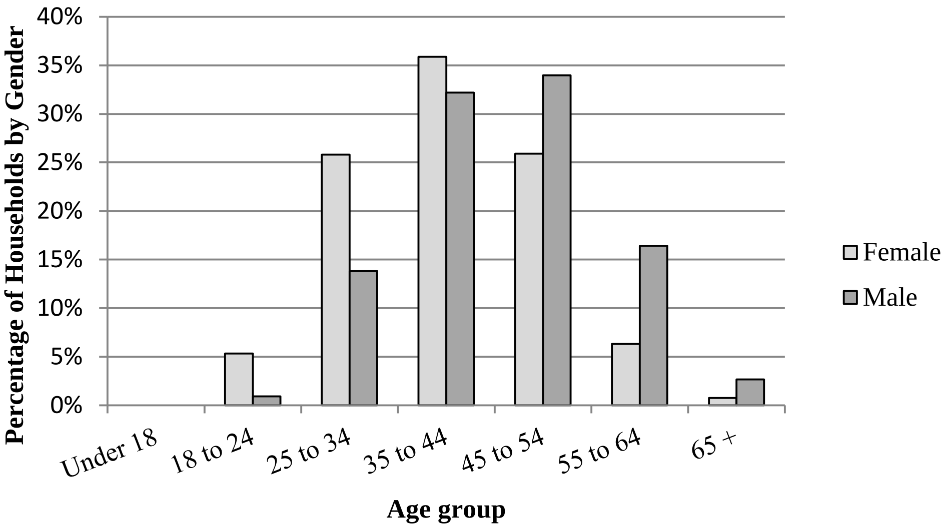


Figure 6. Percentage of households below the poverty line by gender and age group: 2012

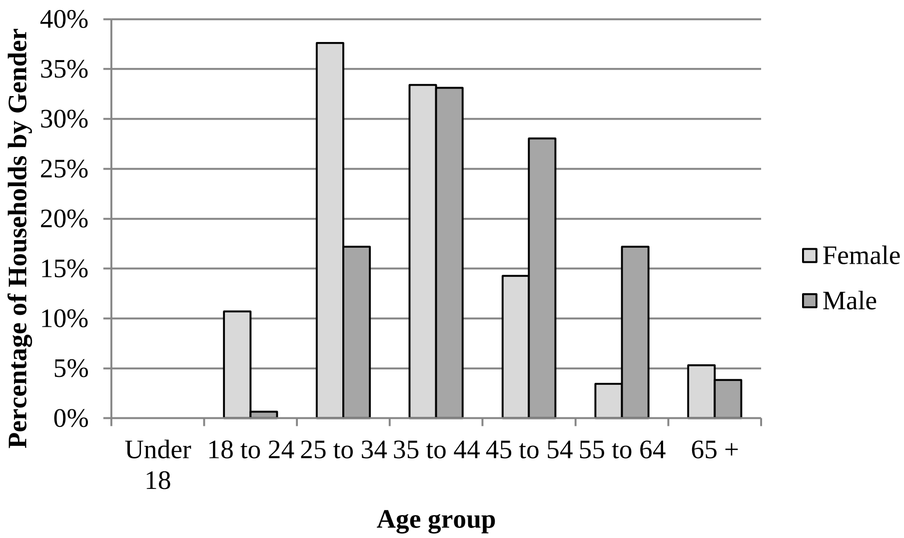


Table 7. Descriptive statistics

Variable	Means or Percents All	Female	Male	Statistical Difference
In poverty	31.54	35.32	14.56	***
Female headed families	81.78			
Age	40.98	40.00	45	***
Number of children	1.79	1.85	1.53	***
Race-White	51.57	47.62	69.29	***
Race-Black	23.24	25.80	11.78	***
Race-Hispanic	19.44	20.96	12.62	***
Race-Other	4.75	4.63	5.29	
Education-HS or less	12.37	12.79	10.48	***
Education-HS diploma/GED	30.36	29.47	34.32	***
Education-Some College	35.19	36.21	30.61	***
Education-Bachelor's or higher	22.08	21.52	24.58	***
Live-Urban	81.41	82.06	78.48	**
Live-Rural	17.80	17.09	20.96	**
State unemployment rate	7.43			*

Note: Statistical significance reported at the 10 percent (*), 5 percent (**), and 1 percent (***) across genders. High school "HS" and General Education Degree "GED".

Table 8. Probit estimates: Marginal effects and standard errors

Variable	Marginal effect	Standard error	
Sex	0.145	0.016	***
Age	-0.007	0.001	***
Number of children	0.057	0.005	***
Race-Black	0.089	0.013	***
Race-Hispanic	0.047	0.014	***
Race-Other	0.016	0.026	
Education-HS or less	0.134	0.016	***
Education-Some college	-0.099	0.012	***
Education-Bachelor's or higher	-0.289	0.018	***
Live-Urban	-0.041	0.014	***
State unemployment rate	.002	.003	

Note: Statistical significance reported at the 10 percent (*), 5 percent (**), and 1 percent (***) across genders. High school "HS" and General Education Degree "GED".

Figure 9. Predicted probability of being in poverty by sex and age of family head

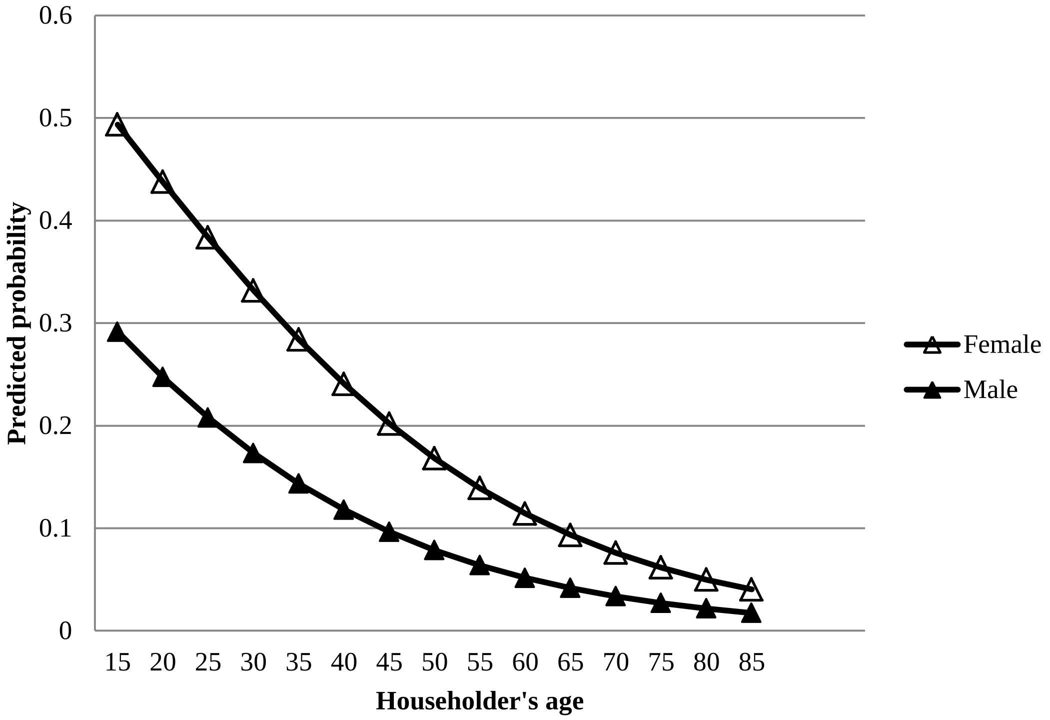
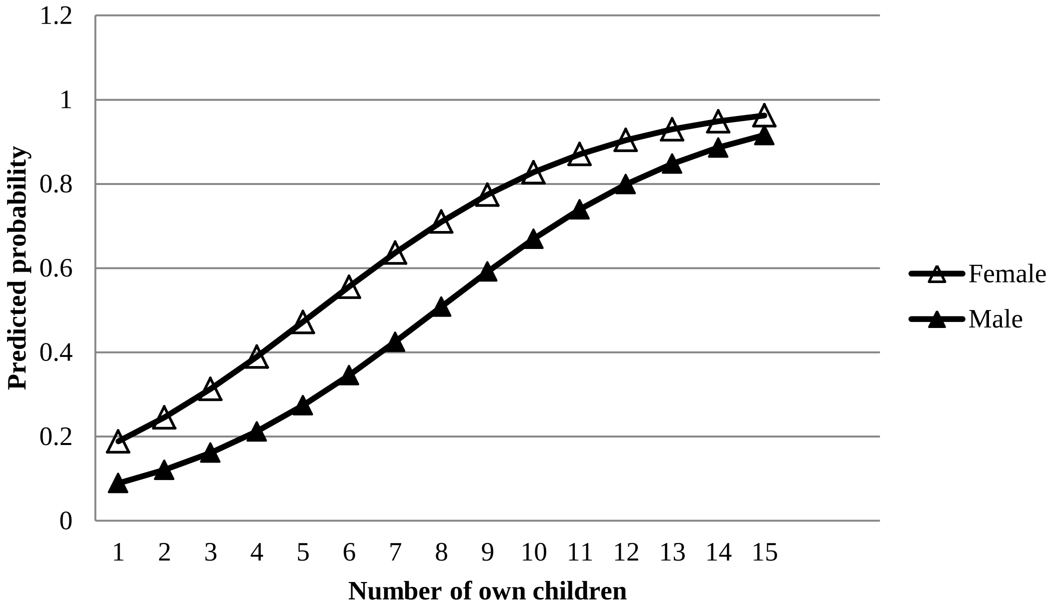


Figure 10. Predicted probability of being in poverty by sex and number of own children



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THE COST OF JOB LOSS

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ABSTRACT

The cost of job loss is defined as the total income loss for the one-year period following job loss, expressed as a weekly amount. The estimation includes the wage earned prior to job loss, referred to as the predisplacement wage, as well as the unemployed income, comprised of unemployment insurance and social welfare benefits. The predisplacement wage and the unemployment income are both paired respectively with the duration earning said wage. Thus, the overall income loss is calculated by subtracting the sum of a worker's weekly unemployment and reemployment income, each adjusted for the expected length of unemployment and reemployment, from his or her weekly predisplacement income.

High levels of the cost of job loss have severe macroeconomic implications. On average, workers lose 40 percent of their predisplacement income, thus are prone to saving greater amounts of their incomes and reducing consumption. Lower consumption reduces aggregate demand. Future consumption, therefore future aggregate demand, is also threatened as long term unemployed workers withdraw from retirement savings to avert their current financial crisis, leaving less to spend later.

Expected costs of job loss have nearly doubled since the beginning of the Great Recession, with the most severe increases in the two measures of the expected cost of job loss that are argued to best capture labor market conditions. Evidence suggests that the cost of job loss estimates do not peak until two to three years after the end of a recession. Consequently, while technically an economic recovery may be underway, further labor market deterioration is expected to continue.

This independent study analyzes the cost of job loss for the 2001-2013 sample period. Using data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Department of Labor to construct estimates, the project explores how changes in the cost of job loss have affected economic activity between 2001-2013, focusing on the recovery from the Great Recession.

PINT HOUSE PIZZA

Zachary Augliano, Siena College
Gabriella Grande, Siena College

ABSTRACT

Pint House Pizza is a home-style pizzeria and microbrewery located in Charlotte North Carolina. It is a place where friends and family can come together to enjoy homemade Italian food along with an array of great beers made in house. Customers will be able to relax in a fun atmosphere and enjoy brewery tours along with beer tastings. With our distinguished combination of a pizzeria and brewery, we will be sure to have a wide range of customers looking for a good meal, good beer and a great time.

THE SCHOOL BUS TRACKER APP

George Waters, Siena College

ABSTRACT

The School Bus Tracker App provides parents and students the ability to know where their school bus is and exactly what time it will arrive at their stop. This product is for students in K-12 and brings school transportation into the mobile app world. Standing out in the cold on a rainy day is not fun for anyone. This app aims to eliminate this by giving students and parents up to the minute information about the status of their school bus. The app shows a map of the bus in relation to your stop, what current stop the bus is at, and at what time the bus should arrive. The School Bus Tracker App service will be sold to school districts and can be purchased by parents and students of participating districts through the school.

IMAGINE ALPHA

Kasarah Swart-Kaushal, Siena College

ABSTRACT

Imagine Alpha is a non-profit organization that will serve individual women whom have fallen victim to human trafficking and are currently living within one of India's many brothels. Imagine Alpha will have primary headquarters operating in the United States with a physical foundation in Calcutta, India to focus efforts on permanently removing pregnant women from the brothels. The hope of this organization is to give pregnant women the opportunity to move beyond boundaries of poverty and prostitution. Imagine Alpha will supply women with the resources and connections to start a new life and accomplish the dreams they never thought possible during life within a brothel. Every woman deserves to give her child a fighting chance to better themselves in this world. Providing hope and a vision for one life, will forever change the lives of many to come.

GYM GLIMPSE

Lindsey Axmacher, Siena College
Taylor Daby, Siena College

ABSTRACT

Gym Glimpse is a software program that seeks to modernize the current workout world. Its simple format will allow gym members to easily monitor the availability of gym equipment and will allow them to make a reservation to use machinery at the gym remotely through their mobile devices or on iPads located throughout the gym. The product will be sold to gyms who will find it desirable as it will provide management with key data about peak gym use times. The product is so affordable that it will pay for itself when a gym enrolls just an additional 6 members per month.

GERMÂNIA'S MARKETING PLAN

Ademir dos Santos, Siena College
Michael Pepe, Siena College

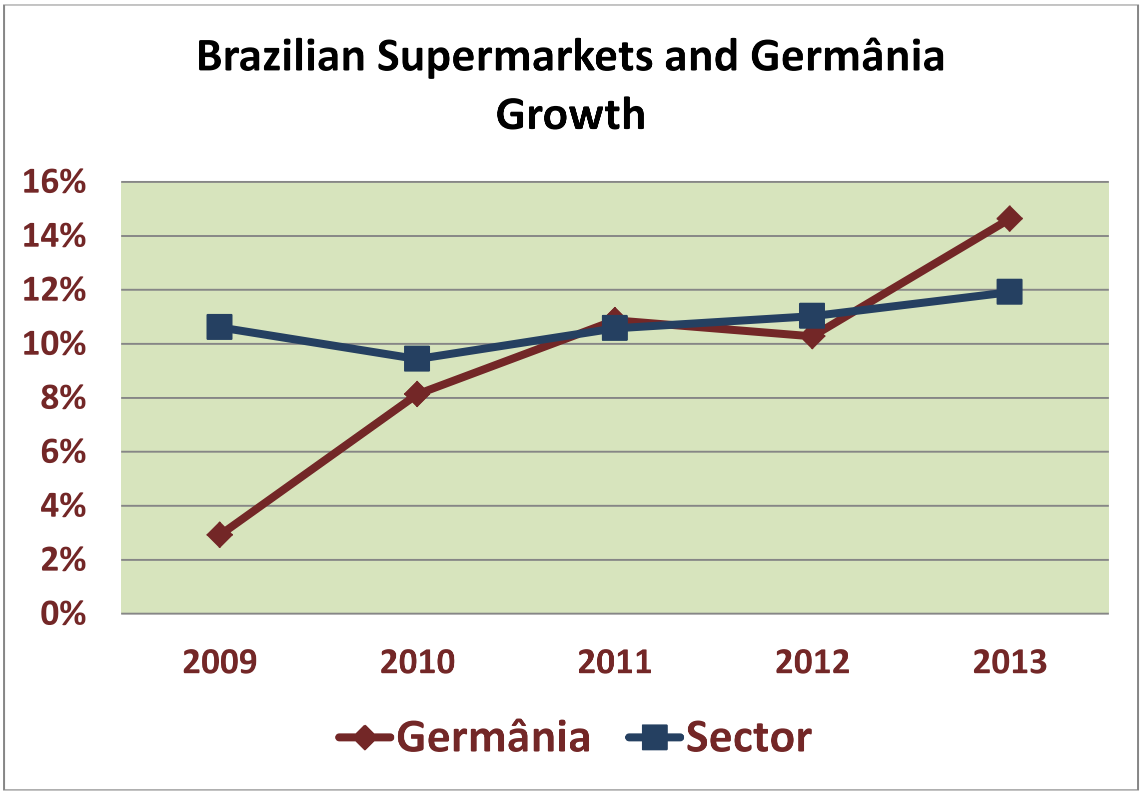
ABSTRACT

This independent study project aims to create a market plan for Germânia Supermarkets. A Brazilian supermarket company composed of five stores. It starts analyzing controllable and uncontrollable factors related with this company. Moreover, it creates a report of the actual situation of Germânia`s marketing strategy. Finally, it presents ideas to improve Germânia`s supply chain, customer relationship and, consequently, growth of the company`s profitability. A total of sixteen ideas were suggested. The main ideas were the inventory position review, tour at Germânia facilities and the store`s aroma. Those three suggestions and another seven ideas will be explained within this paper. This market plan will be developed during the 2014 spring semester based on academic knowledge and the company reality. At the end, it will be exposed for Germânia`s directors for approval and implementation.

ENVIRONMENTAL DESCRIPTION

Companies have many factors that influence their strategy, operational method and results. According to Cateora, they can be classified as controllable: "corporate resources, structures, price, promotion, product, distribution channels and research activities. They also can be uncontrollable: competitive structure, political influence, cultural and legal forces, economy, geography, technology, and infrastructure" (2010, p. 11). This section will focus on the uncontrollable influences, in other words, environmental factors. It will expose and explain relevant evidence about the country, state and cities that Germânia Supermarkets operate.

1.1 BRAZIL



Source: ABRAS – Brazilian Association of Supermarkets http://www.abras.com.br/economia-e-pesquisa/indice-de-vendas/historico/

COMPANY DESCRIPTION

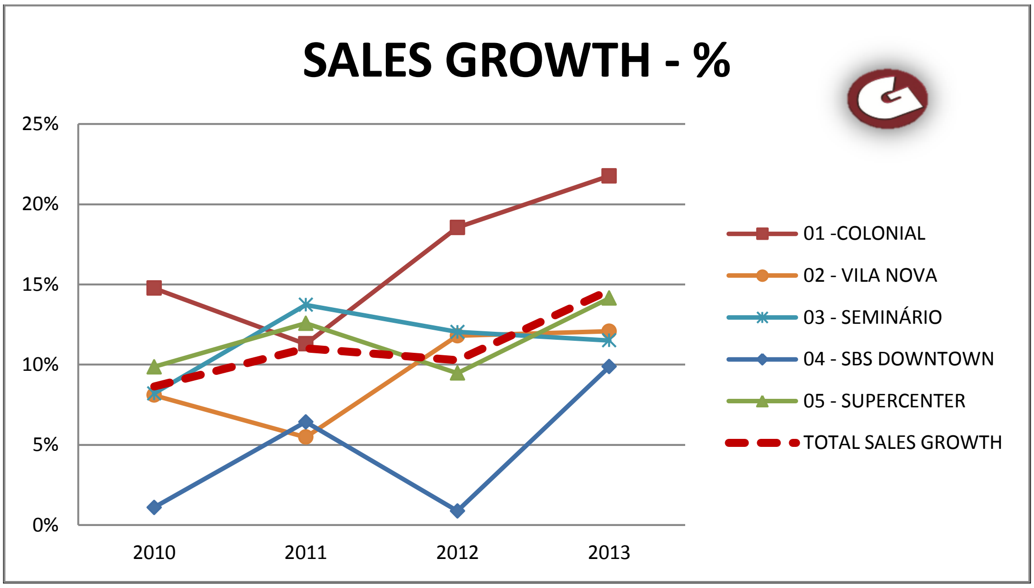
The Germânia Supermarkets started in July 24th, 1997, when four friends - Ademir Manoel dos Santos, André Luis Salvador, Mário César Pacheco and Renato Rocha – decided to run their own business. The first store is located in São Bento do Sul (SBS), Santa Catarina state (SC), Brazil, a city colonized by German immigrants. The name *Germânia* was chosen in order to honor and to be integrated with the German culture, which is the predominant in this region. The colors of Germânia's logo, burgundy and green, were inspired by the colors of the host city flag.

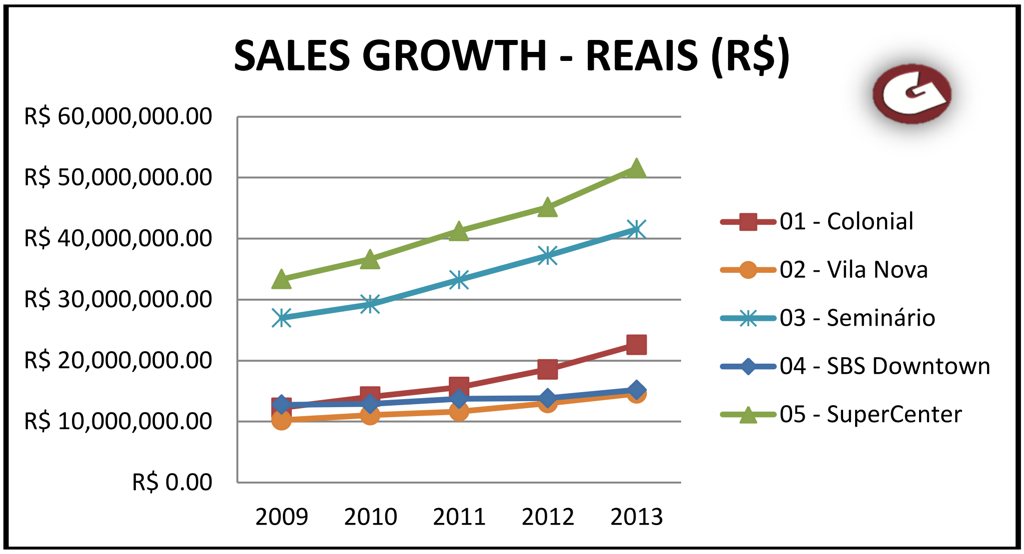
GERMÂNIA'S STORES

As mentioned before, the first Germânia store opened in 1997, in the Colonial neighborhood. One year later, one more store was inaugurated in Rio Negrinho (RN) SC state as well, Brazil. In 1999 another store to the RN population was opened, at this time located at Rio Negrinho Downtown. Following the growth of SBS, Germânia installed a new store in the center of this city. Four years later, 2006, Germânia took a paramount step by opening the biggest shopping center of the North Plateau Catarinense, a Hypermarket with a gas station, drug store, two bank agencies, and 12 other convenience stores. For 2014, an additional store is being built with the inauguration anticipated in the beginning of April. Germânia is also planning to expand its operation to Mafra (SC, Brazil), where the company already bought a terrene to build a store (29.4 mi from the DC). The following table shows actual data about the stores:

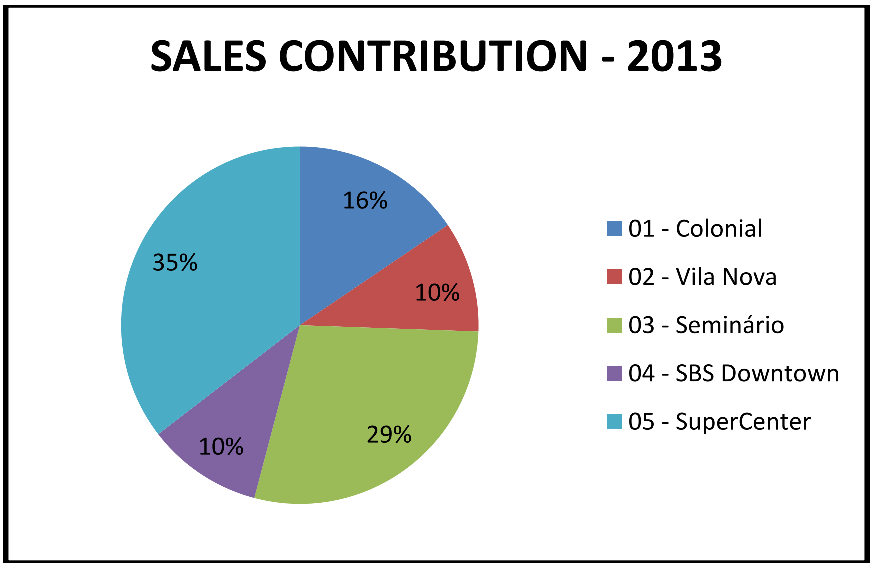
Germânia Supermarkets - Stores

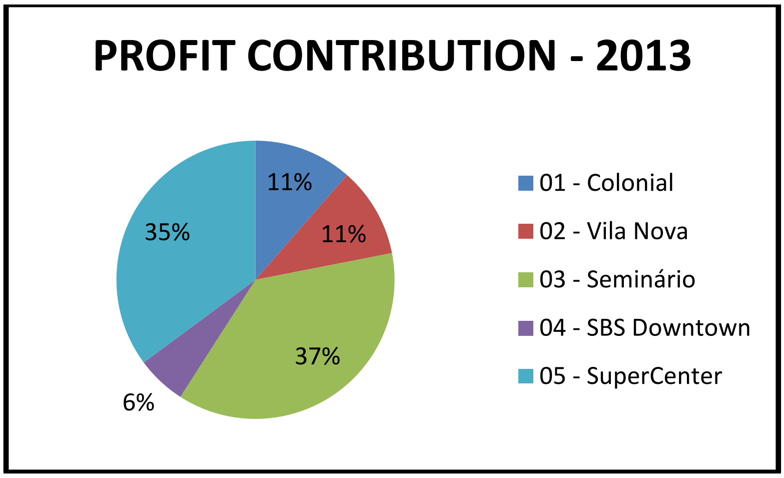
Store	City	Store`s Size (ft²)	Checkout	Workers	DC Distance (mi)	Closer Germânia Store (mi)	Closer Competitor Store (mi)
01-Colonial	SBS	17,222	12	110	8	2.03	0.12
02-Vila Nova	RN	5,382	8	48	1.13	1.34	0.1
03-Seminário	RN	20,451	15	120	2.94	1.34	0.44
04-SBS Downtown	SBS	9,687	9	70	10	1.09	0.31
05- Supercenter	SBS	37,674	22	160	12.5	1.09	0.1
06-Serra Alta	SBS	18,299	10	70	8.9	2.42	1.4
TOTAL	**--**	**108,715**	**76**	**578**	**---**	**--**	**--**

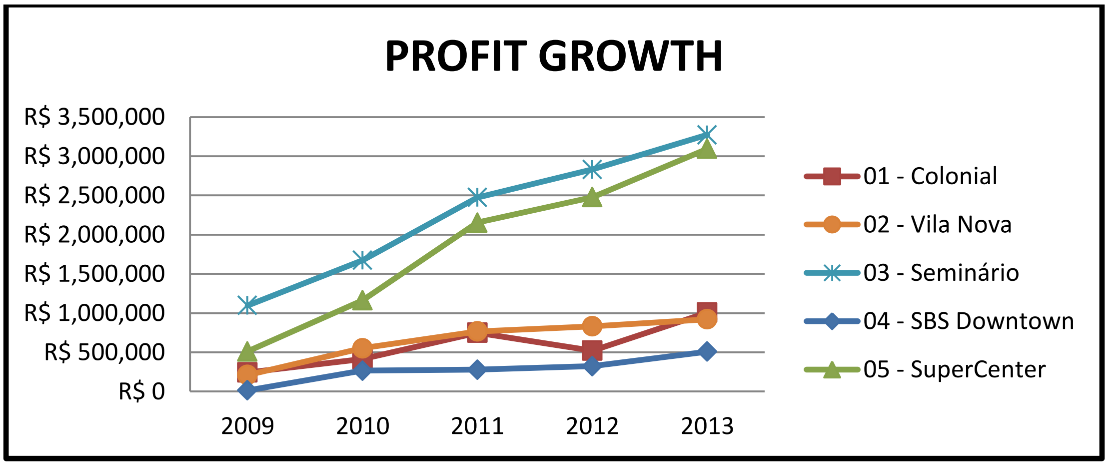




GERMÂNIA`s SALES AND PROFIT				
Year	**Total Sales**	**Sales Growth**	**Total Profit**	**Profit / Sales**
2009	R$98,784,465.47	--	R$2,210,214.31	2.24%
2010	R$107,324,181.73	8.64%	R$4,262,260.25	3.97%
2011	R$119,145,570.72	11.01%	R$6,597,699.83	5.54%
2012	R$131,400,632.49	10.29%	R$7,091,564.04	5.40%
2013	R$150,623,876.83	14.63%	R$9,025,099.57	5.99%







Germânia's SWOT		
Internal Factors	**Strengths**	**Weaknesses**
Management	Owners of the company still working in management positions	Transition of the business management
Staff	Consolidated team of store managers	Find people able to work during weekends. Low unemployment rate.
Finance	Current ratio around 1.6.	High of cash-to-cash conversion
Place	Stores well located; all traditional places for supermarkets.	There is not a store pattern.
Price	Special promotions for elderly people on Monday, promotion of vegetables on Tuesday, meat on Wednesday, bakery on Thursday. Special deals for parties and events, mainly for the beverages.	60% of the general product prices, disregarding the promotions, are not the cheapest of the market which Germânia operates.
Product	The biggest variety of products in the region (15.000). Fresh vegetables every day and a great quality of bakery products. Extra services for local parties and events.	Clients complain about the meat quality.
Promotion	There are annual raffle with a pickup truck, a car, 5 motorcycles, and other prizes. Germania sponsors a lot of the local events, and its owners are well	Lack of endomarketing and social media use.

	related at the society.	
Supply Chain	Distribution center with daily deliveries for the stores. Automatic system for stores orders from the DC. Inventory turnover of 10.5, five weeks or 25 days.	Inventory positions roughly calculated.
External Factors	**Opportunities**	**Threats**
Consumer	Increase their transaction value and frequency of purchase.	Stores with no growth possibility.
Competition	Improve our management and operational process.	Jeopardizing of staff, and lose sales.
Technological	Improve its inventory information flow. Follow the supermarkets technology trends.	Competitors can create an advanced way of buying groceries, as an e-commerce.
Economic	Significant prosperity of São Bento do Sul, based on big companies operating in this city as well as the proximity of Joinville, the biggest city of the state.	Possible decrease of the Brazilian growth, and also the inflation rate.
Legal	Improvement of the government taxation system.	New employee regulations. Increase or creation of government taxes.

3.1 WHY SHOULD OUR CUSTOMER SHOP AT GERMANIA?

The Germânia main differential is the variety of products and service offered to the customers. It comprises of more than 15,000 different products. Aligned with the variety, each store has it differential:

- 01 - Colonial: renewed store, covered parking, beautiful and spacious ambience. Conventional location, in the street that link SBS Downtown with main city entrance.
- 02 - Vila Nova: Conventional location.
- 03 - Seminário: Conventional location, next to two schools and RN Downtown. In addition, its street is the main access form Rio Negrinho Downtown to four different neighborhoods. It also comprises a drug store, big parking lot.
- 04 - SBS Downtown: Conventional location, big parking lot.
- 05 - Supercenter: covered parking lot, beautiful and spacious ambience close to a gas station. The store building also comprises of a drug store, two bank agencies, restaurants, and a place for parties and other 12 convenience store.

3.2 HOW ARE GERMANIA`S CUSTOMERS?

GERMÂNIA AVERAGE TRANSACTIONS - 2013				
Store	**Average Trans. Value (Reais)**	**Average Trans. Value(Dollar)**	**Transactions**	**% of Total Trans.**
01-Colonial	R$ 50,25	$ 20.94	37,282	16.25%
02-Vila Nova	R$ 45,74	$ 19.06	27,312	11.90%
03-Seminário	R$ 70,76	$ 29.48	49,349	21.50%
04-SBS Downtown	R$ 29,57	$ 12.32	43,216	18.82%
05-Supercenter	R$ 58,67	$ 24.45	72,382	31.53%
06-Serra Alta	--	--	--	--
AVERAGE/TOTAL	**R$ 50,25**	**$ 20,94**	**229,541**	**100.00%**

3.3 WHAT ARE GERMÂNIA`S TEN PRODUCTS MORE SOLD?

10 PRODUCTS MOST SOLD - 2013		
Position	**Products**	**Amount**

1	Kaiser Beer can (350ML)	592,080
2	Brahma Beer can (350ML)	547,902
3	Tirol whole milk 1L	319,856
4	Common Banana KG	142,567.81
5	Washed potato KG	130,705.92
6	Aurora whole milk 1L	120,447
7	Soy cooking oil 900ML	92,706
8	Orange KG	79,432
9	French bread KG	77,633.43
10	Onion KG	75,236.12

3.4 WHO AND HOW ARE OUR COMPETITORS?

3.4.1 São Bento do Sul (SBS)

3.4.1.1 Belém

In São Bento do Sul, Germânia`s main competitor is Belém Supermarkets. It is a 40 year-old company and comprises of three stores; two of those are located in cities that Germânia does not operate in yet. The SBS Belém store has 21,528 ft² of sales area, and 15 checkouts. This store is located close to Germânia Colonial (store 01), 0.12 mi. Both stores compete for the same customers.

Belém has a loyalty card that provides discounts and points. Those points can be exchanged for a list of products exposed in a catalogue. For each R$20.00 (Reais) in cash spent the customer receives five points, for checks three points, pay later checks two points, with some kind of card one point. This company also has some social campaigns. For example, it distributes chocolates to poor children during the Ester.

Ideally to target wealthy customers, Bélem is building a store in SBS Downtown to offer products that are high quality, imported, and so on. This store will start to operate this year, 2014. It is located 0.59 miles from Germânia`s SBS Downtown store.

STRATEGIC FOCUS AND PLAN

4.1 MISSION

Attentive to its environment and aware of its participation in the community, the Germania Supermarkets have as its mission to offer a wider variety of products, high quality of services and excellent customer assistance. Training and developing people, aims to contribute for the improvement of the actual and upcoming generations.

4.2 VISION

To be a reference for retail companies located at the North Plateau of Santa Catarina.

4.3 VALUES

- Honesty: Value and recognize employees that have positive moral principles. Encouraging them to always use them in our customer relationship.
- Positive Attitudes: Especially because we are directly in contact with its customers, Germânia booster positive vibration creating a pleasant environment. That is for the clients have a great purchase experience.
- Professionalism: Germânia expect, foster and value employees' commitment, ethics, efficiency, quality and great treats of its customer during their work hours.

4.4 GOALS

The goals were stated according with the SMART method.

4.4.1 Nonfinancial Goals

- Increase customer Loyalty and Satisfaction
- Develop actions focused on environmental concerns
- Improve employees` training as well as benefits

4.4.2 Financial goals

- Cost of Goods Sold at maximum of 70% of revenues.
- Yearly revenue Growth of 10%.
- 7% of Net income for 2015 and following years.

4.5 SWOT ANALYSIS

GERMÂNIA SWOT ANALYSIS

Internal Factors	Strengths	Weaknesses
Management	Owners working in management positions	Prepare managers to follow the company growth and opportunities
Staffs	Workers with more than 10 years of experience with supermarkets	Find people able to work during weekends
Finance	BNDS loans with a small interest rates Significant revenue growth, 7 to 10% monthly	
Place	Stores commercially well located Seventeen years of regional operations	Lack of structure in two of the stores
Price	Bargain based on seventeen years of operation and never delay payments	
Product	High quality of bakery products	Products out of stock Medium quality of the meat section
Promotion	Partnership with suppliers to create a raffle. Sponsor of events (Rodeo, church festival and sportive) as well as sponsor athletes.	
Supply Chain	Distribution center close of all stores (farthest 11.4 miles) with daily deliveries	Suppliers power
External Factors	**Opportunities**	**Threats**
Consumer	Expansion for others retails sections	Lack of target market (?)
Competition	Without competition with big companies	Jeopardizing of staffs Big companies in the boundaries
Technological	Invest in the flow of inventory data	
Economic	Significant growth of Brazil and mainly the South	Recession of the furniture market, which is the main activity of the region where Germania operates
Legal		New employees regulations Changes of government taxes

4.6 PORTER`S FIVE FORCES

4.6.1 Bargain Power of Suppliers

Considering the Germania`s actual size and its main groceries providers, the Bargain Power of the Suppliers is High. Furthermore, their prices is linked with Germania`s final price, it is directly related with Germania`s final prices and total clients purchase.

4.6.2 Bargain Power of Clients

The clients usually do not have the power of change Germania`s prices. However, their reactions (buy or not) are considered when buyers decide for how much some product will be sell.

4.6.3 Threat of Substitution

The supermarket section will take long to be replaced; Technological advances can bring another shape or way of operate, but not substitute them. So, the threat of substitution for supermarkets and consequently for Germania is low.

4.6.4 Threat of New Entrants

Build a considerable supermarket store means to make a considerable investment. Also, create a relationship with customers and suppliers are not easy tasks. That is why the threat of new entrants in the supermarket section is low.

4.6.5 Competitive Rivalry

The actual concentration of supermarkets in the region where Germania is operating is relatively small. However, the South region of Brazil and the country as well, comprise of many consolidated supermarkets companies. They are largely spread over the country and growing day by day. Their size gave them a bargain power to deal with suppliers, being difficult to compete in price with those companies. Based on those facts, the competitive rivalry is high.

MARKETING PROGRAM

Those follow ideas are linked with the goals of the project, they were ordered according to the company needs and their influence over the profitability.

5.1 INVENTORY POSITIONS REVIEW

This action aims to review the actual Inventory Positions as: reorder point (RP), safety stock (SS), economic order quantity (EOQ), and days` sales in inventory. Furthermore create an assortment recommendation. The products sold by Germânia will be dividing in 5 different categories according with the ABC Analyze. This analyze follow the Pareto`s Principle were “80% of sales come from 20% of the products”, and so on. The analysis criterion for the ABC method will be the annual cost of goods sold. Based on that, all the procedures will start with the class A products, in other words, the 20% of products with the highest cost of goods sold (COGS) (View table 01).

Table 01 - Inventory Positions Review

Tasks		8/4	8/11	8/18	8/25	9/1	9/8	9/15	9/22	9/29
Introduction	Analyze of the actual stock positions and criteria. Document all those data.	**X**								
	Explain the process for employees involved in this action	**X**								
ABC and Seasonality Analysis	Extract a report with products, and their monthly cost of goods sold during the last 36 months		**X**							
	Identify products with seasonal demands, they will compose the class S		**X**							
	Extract a report with products, their annual cost of goods sold, their annual profitability, their annual units sold and their annual amount of sales		**X**							
	Classify the products without seasonality from the highest to the lower cost of goods sold between 5 classes: A, B, C, D and E.		**X**							
	Classify the first 20% of products as class A, second 20% as B, and so on.		**X**							
Calculate RP, SS, DSII, EOQ and Assortment Recommendation	Identify the trend of class S demand and establish their stock positions by month.			**X**						
	Calculate the stock positions for class A and update them			**X**						
	Make an assortment recommendation for products class S and A			**X**						
	Calculate the stock positions for class B and C. Update them				**X**					
	Make an assortment recommendation for products class B and C				**X**					
	Calculate the stock positions for products class D and E. Update them					**X**				
	Make an assortment recommendation for products class D and E					**X**				
Other Actions	Organize the shelve spaces accordingly with profitability and unit sold						**X**	**X**	**X**	**X**
	Track the class S stock positions changes					**X**		**X**		**X**
	Track the class A stock positions changes				**X**	**X**	**X**		**X**	
	Track the class B stock positions changes					**X**		**X**		**X**
	Track the class C stock positions changes						**X**		**X**	
	Track the class D and E stock positions changes							**X**		**X**
	Measure and document the results (after the end of the project, measure it monthly)						**X**			

5.2 INVENTORY STRUCTURE REVIEW

Targeting to reduce labor costs and wastes, this action will evaluate the actual inventory facilities as it actual capacity, it necessity, buildings and equipment status. Furthermore, review the operating inventory processes. Based on the lack of employees available in the market, a better efficiency in those processes can result in reduction on hand work, reduction of product wastes, and increase the efficiency of the Germania`s supply chain (view table 02).

5.3 CUSTOMER SATISFACTION SURVEY

Germania`s main focus is on its customers. To guaranty their satisfaction, Germania`s must understand their needs and attend them as much as possible. For this reason, this action aims to create a customer satisfaction survey composed of ten rating scale questions, going from 1 (the smaller rate) to 5 (the biggest rate). The questions purposes to evaluate the overall store structure, prices, store organization, mix of products, the quality of products and service of the bakery, butchery, and vegetables section as well as the checkout service quality. The survey question will be distributed to the clients with their purchase receipt, followed of a cashier orientation of how to fill the survey and were they are supposed to deposit it. Prizes will be distributed for the sections with better performance (view table 03).

Table 02 - Inventory Structure Review						
Tasks		9/8	9/15	9/22	After approved	To be defined
Introduction	Analyze of the actual Inventory Structures and create a map of them.	**X**				
	Interview employees that use the Inventory Structure. Document all those data.		**X**			
	List all the Issues noted and the improvements possibilities.		**X**			
	Present them to the directors, and together, classify them according with their importance level.			**X**		
PDCA Model	Plan how to solve those issues and how to apply the improvements.			**X**		
	Implement them (the time needed depend on the requested actions)				**X**	
	Check its results (the time needed depend on the implementation plan)					**X**
	Review the results, document them and make adaptations, if needed, in the plan.					**X**
	Apply the adaptations.					**X**
	Measure and document all the results					**X**

Table 03 - Customer satisfaction research						
Tasks		8/4	8/11	8/18	8/25	Monthly
Idea Introduction	Discuss the idea with employees that will be involved in this process, aiming to find possible issues of this idea	**X**				
	Present the purpose, its expected results, and the operational model for directors and store managers		**X**			
Survey Operation	According with the number of transactions, print the survey questionnaire (quote price with at least 3 different companies)		**X**			
	Train all the cashiers to give the survey and the orientations to the customers. All stat to distribute the questionnaires. It will beginning at store 1, then 2, 3, 4 and then 5.			**X**	**X**	
	Take all the questionnaires and populate in a excel spreadsheet.					**X**
	Send the performance of each section for it respective leader. Discuss improvements with him or her if necessary.					**X**
	Provide prizes for great performance					**X**
Measurement	Talk with the employees involved in the process and store managers, looking for feedbacks and improvement suggestions					**X**

5.4 LOYALTY CARD

Looking for reward its customer, have more information about their purchase patterns and enhance the relationship with them, a Loyalty Card program would be created by Germânia Supermarket. Clients will need to register on the stores customer service. They will receive a card that need to be presented after the cashier start to check out the customer products. For a determined amount of purchase the customer will receive points that they can change for products listed in a catalog. In addition, Germânia will monthly release products and or gift vouchers (to be defined with the border directors). Besides please the customers this program will support a correct product positioning. Moreover, partnership with suppliers can be created to provide samples of new products boosting their sales especially during the launch period.

5.5 GERMANIA CUSTOMERS TOUR

Based on some clients' doubts about Germânia products` processing and aiming to enhance customers' loyalty, the Living Germânia program will create for customers the opportunity to know their favorite Germânia`s store facilities. They will visit the bakery, butchery and store inventory. Furthermore, the Germânia`s spokesperson will give an overview of those section operational processes. Every Germânia store will have a list that customers can fill and once a month a tour in the stores will take place.

Germania`s Tour						
Tasks		8/4	9/1	9/8	9/15	Monthly
Introduction	Discuss the idea with directors and store managers	**X**				
	Explain the action for the employees that work where the customer will visit and clerks that cashier supervisor who will offer the tour for Germania`s customers		**X**			
Tour Plan	Analyze the operation of bakery, inventory and butcher. Looking for the best time and week days to make the tour			**X**		
	Create a year schedule of the tours				**X**	
	Create a survey questionnaire to be filled by the visitors after the tour					**X**
	Expose the customer review for managers and directors					**X**

5.6 GERMANIA`S BRAND

Create a Germania`s brand without the proper company name. Anew brand, with another name, another logo that remembers the German Culture. Find suppliers able to produce products with good quality that can achieve the company demand. This strategy creates a customer loyalty and a differential for Germania Supermarkets. Take the Great Value (Walmart Brand) and Price Chopper private brand as examples.

Germania`s brand									
Tasks		9/22	9/29	10/6	10/13	10/20	10/27	To be defined
Idea Development	Analyze the market and how other supermarket companies are operating their own products	**X**						
	Identify a range of products that can be sold with this private brand	**X**						
	Identify suppliers able to produce those products considering quality, price, company historical and production capacity	**X**						
	Contact the suppliers to analyze their interest in this project		**X**					
	Verify the possibility of produce those products identified before at Germania`s structure		**X**					
	Create a brand and examine all the legal aspects involving brand, suppliers and consumers			**X**				
	Present all those data above mentioned to the directors, and wait for approval.				**X**			
Launching Germania`s Brand	Check selected suppliers companies, quality and other facts that are involved in this partnership					**X**		
	Select at maximum 5 products to start this project					**X**		
	Create and sign a contract with suppliers						**X**	
	Calculate the stock position for those products						**X**	
	Start to Sell them (depend on the product lead-time)							**X**
	Advertise them in our monthly flyer (depend on the product arrival)							**X**
	Measure their sales (depend on the product arrival)							**X**

5.7 SAMPLE PROGRAM

The time which the customer spends inside the stores is related with the amount that they purchase there. In addition, when customers have the opportunity to try the product can increase it sales and also increase the customer satisfaction. The Sample Program establish that buyers needs to provide one sample action per month of some product, new or already sold, for each 1,500 food or drink products that they have in their portfolio. It will require a partnership with suppliers and space into the store.

5.8 COLLABORATIVE ARRANGEMENTS

At this program employees will spend a day or another time (according with the task demand) developing tasks that supply their actual activities or are supplied of their actual activity. For instance, an employee from the bakery who produces bread will spend a day directly serving a customer in the bakery. Another one, some finance employ will spend a couple of days at the accounting department. This program objective is to increase the company process by the understanding of the importance of each activity. Furthermore, suggestion will be given to improve quality of products and services, time for product/ service delivery and the integration of the Germania`s employees team.

5.9 DEVELOPING EMPLOYEES

Find people to work at the supermarket schedule (holidays, Saturdays and Sundays) is a challenge. Especially considering that the states were Germania operates is close to three percent of unemployment. The development of the employees can create the possibility of turn over reduction and also represents the Germania Social role. For the beginning of the process, a integration program will be implement, explaining the company historical aspects, who are its stakeholders, what are the Germania`s guidelines (mission, vision, and values), and the aspects of the position of the new employee. Further, this project will incorporate a coach (more focused on leader's position) informing those formers of opinion how to give a feedback for their team members, and how communicate the task for the team. The program also aims to increase the benefits for employees, as health care plan and "basic food basket" for employees with no absences.

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"GREEN TECH HIGH" COLLEGE PREPAREDNESS ASSESSMENT SURVEY

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ABSTRACT

Green Tech High (GTH) Charter School in Albany, NY prepares young men to complete high school with a Regents diploma so they will have the opportunity to attend college or choose an alternative, responsible career path as they enter adulthood. The school primarily serves economically disadvantaged school age young men from Albany and surrounding cities. GTH provides individualized attention to student needs and help them to academically succeed. As part their mission, GTH wants to send majority of their graduates to college. However, given resource constraints, it is not possible to prepare all GTH graduates for college. In order to target students who would be successful in college, GTH wanted to develop instruments that will help them to identify the students who will have the most chance to get through and succeed in college.

PROCESS UNDERTAKEN

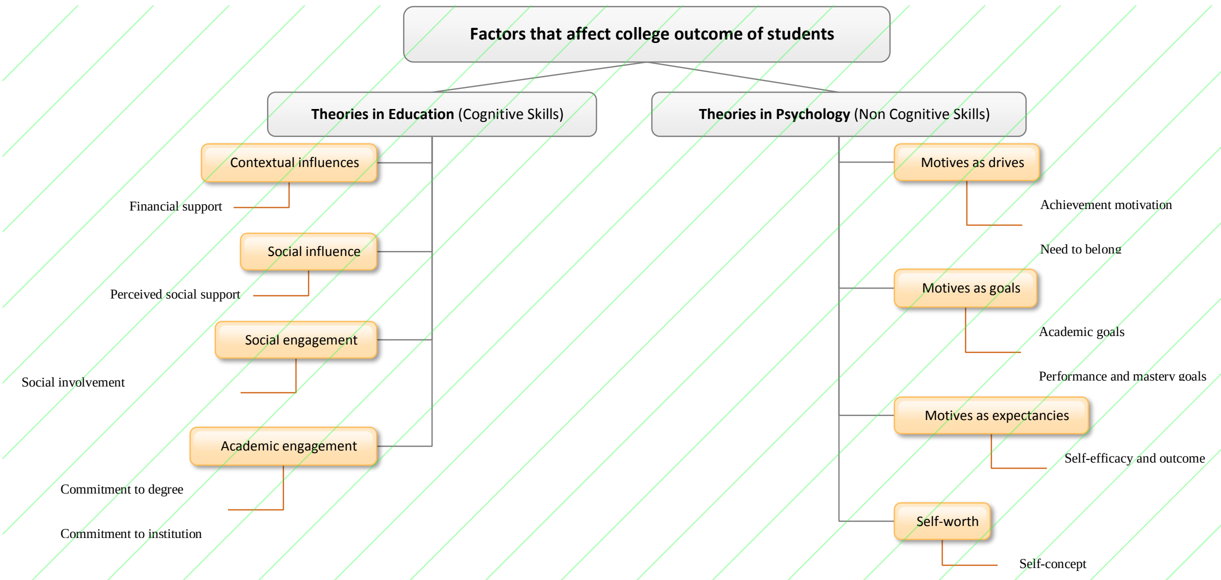
Suki Cintron, director for college counselling at GTH, approached Academic Community Engagement (ACE) office at Siena College with their need to have a survey to measure potential for college success for GTH students. ACE in turn approached the Economics of Discrimination (ECON430) class taught by Dr. Arindam Mandal with the possibility of partnering with GTH to develop a survey. The class itself was a seminar level economics class primarily aimed at economics majors and minors. Given the nature of the class, partnering with GTH turned out to be a natural possibility. The process of developing the survey was accomplished through following steps.

- In order to understand client needs in detail, the class scheduled a meeting with Suki Cintron and other representatives from GTH with deep knowledge about the school.
- Carry out a thorough literature review on the issue under consideration. The class primarily looked at available academic literature on the subject in economics, psychology and education.
- Jimmy Bulmer, a past Siena graduate, worked as a vista in GTH. To get a better understanding of the needs of GTH, the class scheduled a meeting with Mr. Bulmer as well.
- Several brain storming sessions were held to settle on the theories that best suit class need.
- Based on theories, the class developed questions for the survey.

PROJECT DETAILS AND THE SURVEY

The project was primarily divided into two broad sections – understanding the factors that affect college outcome of students and developing the survey questionnaire. Based on literature in education and psychology, the class learned that both cognitive and non-cognitive skills plays important role in determining student success in college. Theoretical details are shown in Fig: 1.

Figure 1



Based on theories, class developed the questionnaire to capture cognitive and non-cognitive skills that would help to determine college success potential of a student. The detailed questionnaire and the survey is given in the end.

PLAN FOR IMPLEMENTATION

GTH already piloted the survey during January and February, 2014. The survey has been revised based on the pilot. During the months of March and April, 2014, the survey will be administered to GTH students through Qualtrics – the online survey tool. Conor Quinn will be working as a Dake Fellow during summer of 2014 and he will be responsible for analyzing the survey data. Based on the results, the team working on the survey will try to develop an index that can be used as an indicator for potential of a student to succeed in college.

"GREEN TECH HIGH" COLLEGE PREPAREDNESS ASSESSMENT SURVEY PREPARED BY STUDENTS OF SIENA COLLEGE IN ECONOMICS OF DISCRIMINATION CLASS – FALL 2013

DEMOGRAPHICS

1) Family Composition

Relationship To you	Sex	Age	In School?	Working Part/Full Time?	How many Times a Week do you see this person?
Self			N/A		N/A

2) If you currently have a role model or positive influential figure in your life, name that person and tell me why they are your role model.

3) Do you currently follow any religion?

Yes No

3.1) If yes, how important is that religion to you? (1 being not important at all, 5 being extremely important)

1 2 3 4 5

4) Is religion important to the person(s) you currently live with?

Yes No

5) Have you ever attended pre-kindergarten classes?

Yes No

5.1) If so, where did you attend?

6) What is your (or your household's) current living situation?

a) Homeowners b) Renting c) Staying with relatives

d) Staying with friends e) Displaced f) Other

7) Do you, or the household in which you live, own any of the following items: (Check All That Apply)

____ A Smartphone
____ A Car(s)
____ Television Package (i.e Time Warner, Dish, Directv)
  If yes to the above
  ____ Basic Cable
  ____ Advanced Package (Excludes premium channels)
  ____ Premium Channels (HBO, STARZ, CINEMAX)
____ A Computer(s)
____ A Dog(s)
____ A Cat(s)
____ A Tablet or similar handheld computing device

8) In an average week how many times do you consume fast food or similar ready-made meals for dinner?

1 2 3 4 5 6 7

ACADEMIC GOALS

9) While enrolled in classes the amount of time I expect to spend working

Less than 5 hours/ week 5-10 hours 10-20 hours More than 20 hours/ week

10) The highest degree I plan to pursue is:

a) High School b) Associate c) Technical School d) Bachelors and Above

How well do the following apply to you?
(1-Not at All) (5-This describes me perfectly)

11) I take very careful notes and review them before a test.

1 2 3 4 5

12) I would like to talk to someone about getting a part-time job during the regular school year.

1 2 3 4 5

13) I am deeply committed to my academic goals, and I am fully prepared to put in the effort required and the sacrifices needed.

1 2 3 4 5

14) My studying is very irregular and unpredictable.

1 2 3 4 5

15) I am very strongly dedicated to finishing college.

1 2 3 4 5

16) I have a very strong desire to continue my education.

1 2 3 4 5

17) I study very hard for all my courses, including the ones I dislike.

1 2 3 4 5

18) Over the years books have broadened my horizons and stimulated my imagination.

1 2 3 4 5

19) I have a well-developed system of self-discipline which keeps my studies on track.

1 2 3 4 5

20) I would like to receive tutoring in one or more of my classes

1 2 3 4 5

21) When I try to study I usually get bored and quit after a few minutes

1 2 3 4 5

ABILITIES

Ability Beliefs Items

Writing

22) How good are you with writing?

a) Not at all good b) Very good

23) If you were to list all the students in your class from the worst to the best in writing, where would you put yourself?

a) One of the Worst b) One of the Best

24) Some kids are better in one subject than in another. For example, you might be better in writing than in math. Compared to most of your other school subjects, how good are you in writing?

a) Not at all good b) Very good

Reading

25) How good in reading are you?
a) Not at all good b) Very good

26) If you were to list all the students in your class from the worst to the best in reading, where would you put yourself?

a) One of the Worst b) One of the Best

27) Some kids are better in one subject than in another. For example, you might be better in reading than in science. Compared to most of your other school subjects, how good are you in reading?

a) Not at all good b) Very good

Math

28) How good in math are you?

a) Not at all good b) Very good

29) If you were to list all the students in your class from the worst to the best in math, where would you put yourself?

a) One of the Worst b) One of the Best

30) Some kids are better in one subject than in another. For example, you might be better in math than in reading. Compared to most of your other school subjects, how good are you in math?

a) Not at all good   b) Very good

Expectancy Items

31) How well do you expect to do in writing this year?

a) Not at all good   b) Very good

32) How good would you be at learning something new in writing?

a) Not at all good   b) Very good

33) How well do you expect to do in reading this year?

a) Not at all good   b) Very good

34) How good would you be at learning something new in reading?

a) Not at all good   b) Very good

35) How well do you expect to do in math this year?

a) Not at all good   b) Very good

36) How good would you be at learning something new in math?

a) Not at all good   b) Very good

Usefulness, Importance, and Interest Items

37) Some things that you learn in school help you do things better outside of class, that is, they are useful. For example, learning about plants might help you grow a garden. In general, how useful is what you learn in writing?

a) Not at all Useful   b) Very Useful

38) Compared to most of your other activities, how useful is what you learn in writing?

a) Not at all Useful   b) Very Useful

39) For me, being good in writing is

a) Not at All Important   b) Very Important

40) Compared to most of your other activities, how important is it for you to be good at writing?

a) Not at All Important   b) Very Important

41) In general, I find working on writing assignments

a) Very Boring   b) Very Interesting [fun]

42) How much do you like writing?

a) Not at All   b) Very Much

43) Some things that you learn in school help you do things better outside of class, that is, they are useful. For

example, learning about plants might help you grow a garden. In general, how useful is what you learn in reading?

a) Not at all Useful b) Very Useful

44) Compared to most of your other activities, how useful is what you learn in reading?

a) Not at all Useful b) Very Useful

45) For me, being good at reading is

a) Not at All Important b) Very Important

46) Compared to most of your other activities, how important is it for you to be good at reading?

a) Not at All Important b) Very Important

47) In general, I find working on reading assignments

a) Very Boring b) Very Interesting [fun]

48) How much do you like reading?

a) Not at All b) Very Much

49) Some things that you learn in school help you do things better outside of class, that is, they are useful. For example, learning about plants might help you grow a garden. In general, how useful is what you learn in math?

a) Not at all Useful b) Very Useful

50) Compared to most of your other activities, how useful is what you learn in math?

a) Not at all Useful b) Very Useful

51) For me, being good in math is

a) Not at All Important b) Very Important

52) Compared to most of your other activities, how important is it for you to be good at math?

a) Not at All Important b) Very Important

53) In general, I find working on math assignments

a) Very Boring b) Very Interesting [fun]

54) How much do you like doing math?

a) Not at All b) Very Much

FINANCIAL SUPPORT & AWARENESS

55) How important is financial support/aid in determining your decision to apply to colleges and universities?

Not Important				Very Important
1	2	3	4	5

56) How familiar are you with FAFSA (Free Application for Federal Student Aid)?

Not Familiar	Very Familiar
1	2

57) How familiar do you believe your parents and/or guardians are with FAFSA?

Not Familiar	Very Familiar
1	2

58) How much do you feel you and/or your parent(s) and/or guardian(s) could/do benefit from periodic financial planning workshops, including completing a FAFSA application either online or on paper?

Not At All				A Lot
1	2	3	4	5

59) How familiar are you with the scheduling of these events?

Not Familiar				Very Familiar
1	2	3	4	5

60) How familiar do you believe other students are with these services/workshops?

Not Familiar				Very Familiar
1	2	3	4	5

61) When do you believe these services and/or workshops offered?

During School Hours   After School Hours   Both   Neither

62) How would your rank these services? (answer 3 if you have not attended any or have no opinion)

Poor				Great
1	2	3	4	5

63) How strongly do you feel your parent(s) and/or guardian(s) are encouraged to attend these events?

Not Encouraged			Strongly Encouraged	
1	2	3	4	5

64) At what year did these workshops and services become known to you?

Freshman-Year   Sophomore-Year   Junior-Year   Senior-Year

65) If your school has college financial planning events how likely is it that you will attend them?

Will Not Attend			Definitely Attend	
1	2	3	4	5

66) If you are not likely to attend these events what is your reasoning?

____
____
____

67) Does Green Tech High discuss the possibility of grants and scholarships as additional sources of financial support?

Yes No Not Sure

68) Have you thought about contacting colleges or universities of interest to seek information about scholarships and grants offered specifically for their institutions?

Yes No

69) Outside of Green Tech High have you attended any Financial Aid FAFSA, scholarship or grant workshops?

Yes No

70) If so what institution, center, or organization provided the workshop (i.e. 15 Love)? Please list below.

_________________________ _________________________
_________________________ _________________________

SOCIAL INVOLVEMENT

71) Do you participate in any extracurricular activities (sports/clubs), outside of school sponsored teams?

Yes No

70.1) If yes, how many hours a week do you typically spend on these activities?

70.2) If no, what type of clubs or sports programs would you be interested in participating in that are not currently offered at Green Tech High?

71) Do you spend time with anyone your age, outside of school?

Yes No

If yes to the answer above:

71.1) How often do you see this person or persons when you see them?

71.2) How much time do you spend with that person or persons?

71.3) Is the person you spend time with related to you?

71.4) Would you consider this person or persons your friend?

COLLEGE PREPARATION

72) At what point (e.g., which grade -- 8, 9, 10, 11, 12?) did your counselors begin meeting with students to talk about college?

73) Do public universities in your state have college nights at your campus?

74) How often do you talk with friends and family about the possibility of going to college?
(1,2,3,4,5 5 = most likely)

1 2 3 4 5

75) What is the likelihood that you will go to college in your own opinion?
(1,2,3,4,5 5 = most likely)

1 2 3 4 5

76) How difficult do you think it will be to gain acceptance to college?
(1,2,3,4,5 5 = most difficult)

1 2 3 4 5

77) Have any of you been to a college campus?

78) What is the number of college preparation classes that you have taken or will take while in high school?

79) What methods will you use to pay for college?

SOCIAL SUPPORT
(Please check all that apply)

	Parents	Teachers	Friends	Others
1. Who do you know you could trust with information that could get you in trouble?				
2. Whom can you really count on to listen when you need to talk?				
3. Who could you really count to help you out in a crisis situation even though they would have to go out of their way to do so?				
4. Whom can you really count on to be dependable when you				

need help?				
5. Who really appreciates you as a person?				
6. Whom can you really count to give you useful suggestions that help you to avoid making mistakes?				
7. Whom can you count on to listen openly and uncritically to your innermost thoughts?				
8. Whom do you feel would help if a good friend of yours had been in a car accident and was hospitalized in serious condition?				
9. Who do you feel would help if a family member very close to you died?				
10. Who accepts you totally, including both your worst and your best points?				
11. Whom can you really count on to care about you regardless of what is happening to you?				
12. Whom can you really count on to tell you, in a thoughtful manner, when you need to improve in some way?				
13. Whom can you really count on to help you feel better when you are down in the dumps?				
14. Whom can you count on to console you when you are very upset?				
15. Whom can you really count on to support you in major decisions you make?				

MARKETING PLAN FOR MEDICUS CHRISTI

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ABSTRACT

Medicus Christi is non-profit organization that is seeking financial donations. Currently, they do not have a developed marketing plan in place. The awareness of their organization is minimal at this time. In order for Medicus Christi to receive a significant amount of financial donations, they must divide the market in to segments that are available to donate. Along with some grassroots efforts, Medicus Christi should focus on targeting groups such as philanthropists, high-income individuals, and medical suppliers.

They should divide their marketing plan in order to enact short-term strategies, as well as develop long-term strategies for the future. The short-term strategies will be primarily to increase over all awareness and donations from the grassroots markets. The long-term strategies will be created specifically to target philanthropists and high-income individuals.

Short-term strategies should include establishing a prominent social media platform. This means creating a twitter, embellishing an appealing Facebook page, and separating personal twitter accounts from organizations twitter accounts. Medicus Christi should clearly indicate on their website that they are present on these platforms, as well include their website on the social networks. They should also create a 5K event, utilize their relationship with their medical suppliers, and implement an incentive program. For long term, they should host a lavish event that would attract the upper class. They should also plan on expanding their marketing budget.

INTRODUCTION

Medicus Christi is a 501C3 non-profit organization that has been founded by Dr. Joseph Marotta. Medicus Christi aims to improve the medical care of impoverished and underdeveloped countries. The main focus right now is in Ghana. Medicus Christi has created a plan that will establish a medical facility in Ghana, as well as a learning program to train the people of Ghana and help them become self-sufficient. The Turkson Orthopedic and Rehabilitation Center Hospital, also known as T.O.R.C.H., will be the hospital facility. The West African Learning Center, also known as W.A.L.C., will be the training center. Their goal is that within 3 years of, Medicus Christi will be able to start the training programs in Ghana.

Currently, Medicus Christi is waiting on news for a two million dollar grant that will be enough for the construction of the building, as well as a little extra for funding parts of the program. Medicus Christi is seeking further funds though from fundraising efforts in the Capital District, and maybe further. After conducting a cultural and economic analysis of Ghana, an understanding of the location of the project was well established. A marketing plan to generate awareness that will result in donations is imperative to the success of the project.

MARKET ANALYSIS

Company

Medicus Christi is a 501c3 non-profit organization. This means that they are a tax-exempt non-profit organization in the religious sector. Their goal is to bring medical services and knowledge to impoverished countries. They are looking to establish a medical learning facility as well as an orthopedic rehabilitation center and hospital in Ghana, Africa. These facilities will be known as Turkson Orthopedic and Rehabilitation Center Hospital, T.O.R.C.H., and the West African Learning Center, W.A.L.C. It is projected that within three years, physicians will be trained to be orthopedic specialists in Ghana. Medicus Christi heavily relies on its Catholic Church support, as well as the support of people in Ghana to have the desire to learn and the people in the United States to support the organization financially. Dr. Joe Marotta is the executive director and he is the one who initially started the organization. He is passionate about helping underdeveloped nations. Medicus Christi is seeking financial donations from people interested in helping the cause.

Industry Description

The fundraising industry has been recently under scrutiny by the public. Some charitable organizations have taken part in scandalous and mischievous behavior. These behaviors include things like "mimicking another charity's name, deceiving donors on telemarketing calls, diverting money and contacts to people with ties to their organizations, and using accounting tricks to inflate the amount they report spending on their missions," (Rosenman, 2013). These accusations have made some non-profit organizations struggle when collecting donations because consumers may not trust the organization.

The industry is shifting towards building a relationship with donors, rather than just asking for financial contributions (Moon, 2012). By using a form of relationship fundraising, organizations can expand their donor base (Moon, 2012). "Religious organizations received the largest percentage of gifts (33%). "The recent economic downturn initiated by the subprime mortgage and credit crises, however, has slowed down charities severely. Specifically, giving rose only 2% in 2007, when personal income rose 3.3% in the same year. The situation is expected to get worse until the economy recovers," (Moon, 2012). This demonstrates the importance of building a relationship with people who may become potential donors. Even though this shift towards relationship fundraising is occurring, it is hard to keep track of the donors seeing as they will only make a donation approximately once a year. It is important that the organization seeking donations does business with the donors honestly and with good intentions so they can continue to have the support of that individual.

Competition

Medicus Christi faces obstacles with competition. Other companies that are looking for financial donations pose a threat to Medicus Christi. Some examples of these organizations are: Red Cross, the Ghana Charity, and Operation Smile. Also, Dr. Marotta faces challenges when speaking at other churches. Certain churches only collect donations for certain charities. These charities and organizations are in direct competition with Medicus Christi.

Conditions

Consumers and businesses may be very cautious with their money and may not be willing to make financial contributions and donations due to the recovery economy from the economic crisis that was prevalent in 2008.

Another condition that is affecting their ability to move forth with the project is the fact that currently the government is shut down. Medicus Christi applied for a grant from the US Governmental Development Agency for two million dollars. This amount would be for the structural development of both of the facilities. The fact that the government is shut down is creating problems with the progress of the approval of the grant.

Consumers

Medicus Christi will be seeking donations from almost anyone who is willing to contribute. There is the exception of businesses or individuals who are against the values of the Catholic Church. Medicus Christi should seek out wealthy individuals who are looking to better society and assist under developed nations. They should also seek out wealthy businesses, like doctor's offices or lawyer's offices. Medicus Christi should spend time and effort on raising awareness for their organization through different forms of media.

Consumers are more financially frugal than they were in past years, so it is important for Medicus Christi to gain support and enthusiasm for their projects in Ghana. Consumers are trending towards using credit and debit cards as a primary source of payment (Schuh, 2012). They are also trending towards purchasing necessities, over luxuries. This is in direct correlation with inflation, disposable income, and the rise of the cost of living.

Potential Target Markets

There a variety of potential target markets that Medicus Christi can reach out to in order to spread awareness and raise money. One possible target market is a business owner. Business owners who are financially stable may be interested in developing a relationship with a nonprofit and want to contribute all that they can; not only in the Capital District, but also in surrounding areas such as New York City, Buffalo, and Boston. There are plenty of successful businesses in the Northeast, especially in these major cities. Another possible target market includes members of the Catholic Church. Since Medicus Christi is a Catholic faith based organization, members of Catholic churches share the same values and beliefs as the nonprofit. Many Catholic churches in the Capital District may already know about Medicus Christi, so targeting Catholic churches in other parts of New York and surrounding states would spread more awareness. In addition, a potential target market could include high-income individuals. These individuals have more money than the average that they are willing to spend on donating to nonprofits. They are more likely to show an interest in becoming more active in participating and not just donating.

Another potential target market includes professionals in the medical industry. For example, doctors who are not only willing to donate but who express an interest in eventually going to Ghana and volunteering their time and services. Doctors have high incomes, which leave them with more money to spend on other things such as charities. Medicus Christi could also reach out to Medical Suppliers and see if they would be willing to donate either money or equipment to their cause. Since this is such an expensive process, Medicus Christi could target philanthropists in order to raise larger amounts of money. Many philanthropists may have other organizations they already donate large amounts of money to, but it could be extremely beneficial to find a philanthropist willing to donate a large sum of money. Lastly, a potential target market could be other individuals that belong to a different religion besides Catholicism. Even though Medicus Christi is a Catholic organization, people of other religions may be willing to help out since it is for a good cause. This would spread awareness to more people around the country and not just limit it to Catholics.

SWOT Analysis

Medicus Christi has many strengths, including their executive director Dr. Joe Marotta. He is a very well connected and well-spoken individual. He takes time on the weekends to travel and talk to people about this program. He is not hesitant when it comes to meeting with doctors and church organizations to discuss this project. He is a dedicated man who believes in this project and he portrays his passion in his speeches and willingness to do whatever it takes to gain awareness. Being a doctor, he also knows many other doctors who may be able to contribute to donations or help spread the word that Medicus Christi is seeking financial donations. He is also a Siena College Alumni so he will be able to reach out to his fellow graduates, as well. The T.O.R.C.H. Project and the W.A.L.C. projects are the only of their kind. No other organization has done anything like this. Medicus Christi is not only building a hospital and sending volunteers to work in the hospital, but they are also going to establish a learning program so the hospital will be sustainable and the people of Ghana can start to rely on themselves rather than aid consistently from other countries. Therefore, this is a self-sustaining investment for financial donors. Medicus Christi has is the support of the Catholic Church. By having a strong connection with Cardinal Turkson and local church leaders, they can spread awareness through the church. Through awareness from the churches, Medicus Christi should be able to gather donations from fundraising efforts because church-going people will see the value of their program and the importance of having a Cardinal's support will have a lot of weight. Medicus Christi is going to fund the trips of their volunteers. No other organization is willing to do this. In other words, the doctors and teachers would have to buy their plane tickets, places to stay, etc. Medicus Christi is looking to take on this cost and relieve the burden of these expenses so volunteers are more willing to go and the project will have more chances of success.

Medicus Christi does have some weaknesses. One of these weaknesses is the fact that they are nonprofit. This means that they do not have a significant amount of money to use for fundraising efforts. This could hinder their ability to spread awareness. They must be frugal with their spending and may not be able to afford things like print advertisements, radio advertisements, etc. In addition, nonprofits often rely on grants as their main source of money. There are countless numbers of nonprofits applying for the same grants and relying on their money to help them with their expenses. Medicus Christi may apply for a grant but then it could fall through or be given to another organization. Medicus Christi may also struggle with the participation from volunteers. Some will be willing to do work without pay, but there are others who will not be so willing. This would be a weakness for them because if they struggle with getting volunteers, their program may not be successful. Medicus Christi is a devout organization to the Catholic Church. They hold very strong views that coincide with the views of the Catholic Church. Such things like abortion, birth control, other medications, etc. are viewed to be controversial to the Catholic Church. This would be a weakness for Medicus Christi because they cannot reach out to any organization that supports things that go against the Catholic Church, or even takes part is controversial practices. This immediately shrinks down their market and it limits the number of people they can accept donations from.

An opportunity for Medicus Christi would be reaching out to other churches, besides the Catholic Church. They could seek out Protestant, Lutheran, and Baptist religions to spread awareness. Even though they are sponsored by the Catholic Church, they could rely on the idea that if you are a religious person, of any faith, you would want to help out people who are less fortunate than you. Many people of different faiths do have the common belief that you should help out your community and other communities if you are able to. This would be a beneficial opportunity for Medicus Christi. Another opportunity would be reaching out to medical suppliers. If Medicus Christi could get the attention of medical suppliers, they would be able to work out deals with them for equipment and machines to send over to Ghana for the physicians there to use in the hospital and learning facility. If Ghana is used to American equipment, they will continue to contact the American medical suppliers for replacements. This would lead to a strong and positive relationship with Ghana and America, more exports for American businesses, more business for American medical suppliers, and Ghana will receive the machines they are comfortable with using. This would be a win-win situation for American medical suppliers and Ghana. Medicus Christi could stress this idea and hopefully it will result in financial donations and reasonable deals for equipment.

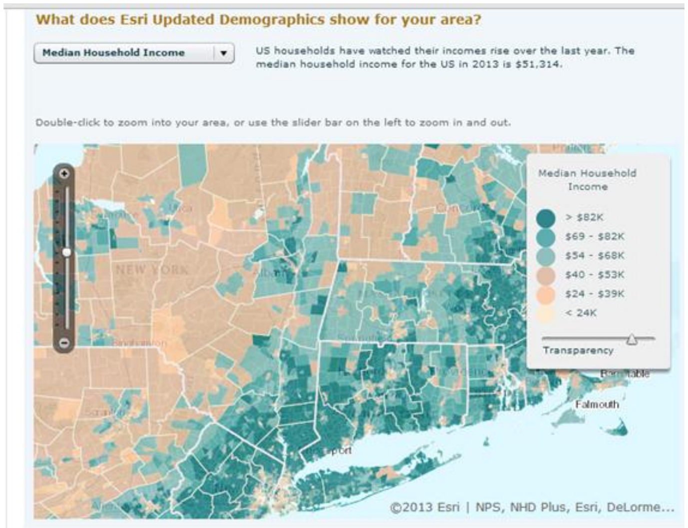
Medicus Christi is facing intense competition with other organizations that are seeking financial donations. Other companies may be able to use more money for fundraising events and may be able to put on lavish events. These companies may be better known in the community and have had more success. Also, the current state of the economy would be considered a threat. People are cautious about spending their money and may already have non-profit organizations that they are faithful to and cannot expand their financial donations. The recent government shutdown has stalled the progress of the project, so this would also be a threat. Medicus Christi is anxiously awaiting the news about a two million dollar grant, which will determine the startup of the project.

TARGET AUDIENCES

High Income Individuals

In targeting high-income individuals, Medicus Christi is able to receive donations from individuals who do not struggle financially as much as the average US household does. According to Esri's Tapestry Segmentation, individuals from high-income households should be targeted through the Internet or radio, versus through television, since typically persons from this segment are active (Esri Tapestry Segmentation, 2012). They are also usually avid readers of newspapers and magazines such as airline, business, and finance magazines (Esri Tapestry Segmentation, 2012). Print ads in these types of magazines or newspapers could be beneficial. Specifically targeting persons who fall in the "Top Rung" segment of Esri would be beneficial to Medicus Christi because according to their preferences, they like to "join charitable organizations"(Esri Tapestry Segmentation, 2012). These individuals are an active group that has interests including yoga, aerobics, tennis, and golf (Esri Tapestry Segmentation, 2012). Being healthy and staying fit are important values to people in this segment. This is important to keep in mind when thinking of appropriate ways to target this audience. In addition, the median household income for these individuals is three and a half times the U.S. median at $169,394 (Esri Tapestry Segmentation, 2012). Since this market likes to be active, it is important to market to these individuals in a way that will entice them to want to participate in these organizations, and not just donate.

Focusing on the Capital Region, in Loudonville for example, about 25 percent of the individuals make between $100,000 and $150,000 and 17 percent of individuals make over $150,000 (Nielsen Pop-Facts Demographics, 2013). These high-income individuals would be likely to donate to Medicus Christi with the extra money they earn. They are located right here in Albany and would likely be supportive of a local organization. In addition, the map below shows the median household income for states in the Northeast. There are many areas in New York with an average income over $82,000 including Albany areas and mostly areas located outside of New York City (ESRI Demographics, 2013). Many of these high-income individuals are also located in parts of New Jersey and Connecticut. High Income Individuals in these areas can become a part of the High Income segment giving donations to Medicus Christi.



Philanthropists

Philanthropists are a good market that Medicus Christi should try to market too. Philanthropy is the generous donation of large amounts of money by individuals who want to improve the world. They may seek to benefit the world for their own religious reasons, want to leave a positive impact, and demonstrate their love and compassion they have for the rest of the world. Knowing this information will help guide Medicus Christi in a direction for marketing.

Top donors to charity in the United States as of 2013* (donations in million U.S. dollars)

	Donations in million U.S. dollars
Leonard Lauder	1,000
Michael R. Bloomberg	350
A. Eugene Brockman Trust (A. Eugene Brockman)	250
Muriel Block	160
John Arrillaga	151
Irwin M. and Joan Jacobs	147
Charles T. Munger	143.8
Hansjorg Wyss	127.5
David H. Koch	100
Ronald O. Perelman	100

Based on the above table there are a large number of philanthropists who are willing to donate money. There are various philanthropists in New York such as David Koch, Arthur and Rebecca Samberg, and Lewis and Ali Sanders who have donated to the healthcare industry. Currently, Dr. Marotta uses the tactic of establishing personal relations with these types of people, and that seems to be one of the best ways to gain their support. It's important for Dr. Marotta to build these connections with these people. Some personal ways to reach out to these people would include writing letters, contacting via social media, or setting up an appointment to meet and discuss the project. Although these people are generous when giving donations, they base their decisions to donate to an organization off of how closely it will relate to their personal beliefs and goals, and also their knowledge and recognition for contributing.

According to Forbes magazine, 48% of philanthropists focus on global issues. Inadequate medical care is a global issue. Although Medicus Christi is only focused on Ghana, the idea of teaching people how to treat injuries in third world countries can be applied worldwide. The philanthropists would be starting a contributing to a program that could be applied to other areas of the world.

Medical Suppliers

Currently today, Medicus Christi works with three different medical suppliers. They provide the means necessary to provide health care in Ghana. First, the organization works with MedShare, a non-profit that is dedicated to providing surplus medical supplies and equipment to health care organizations working in developing countries, like Ghana. The company receives donations that only meet the standards that are acceptable in US hospitals today. Viewing MedShare's many partners, we believe as marketers that Medicus Christi should also reach out to these organizations that share Med Share's mission (MedShare, 2013). These organizations are the Coca-Cola Africa Foundation and World Vision (MedShare, 2013).

The Coca-Cola Africa Foundation: "Established by the Company in 2001, The Coca-Cola Africa Foundation (TCCAF) is the entity that coordinates our corporate social investment programs and implements community initiatives in Africa" (Coca-Cola, 2013)."The Foundation also supports many other community initiatives throughout Africa, including HIV/AIDS & malaria prevention, access to education, job creation and humanitarian assistance" (Coca-Cola, 2013). Sharing Medicus Christi's vision of providing education in this part of the world to establish a stable health care system is a reason to market to this medical supplier. Medicus Christi can submit an application on the website to request a grant from the company (Coca-Cola, 2013).

World Vision: Currently World Vision is working on many projects in Ghana, but none that serve the purpose that Medicus Christi provides. This could be an opportunity not only for Medicus Christi, but also for World Vision to work together to reach a common goal of bettering the healthcare and education of healthcare in Ghana. The only healthcare activities World Vision is taking part in is education mothers on better taking care of children through nutrition and immunization, but nothing in regards to educating Ghanaians on how to perform necessary surgeries that are currently needed by individuals in Ghana. World Vision, like Medicus Christi, values the teachings of Christianity and is devoting the missions of the Catholic Church (World Vision, 2013). "Our faith in Jesus is central to whom we are, and we follow His example in working alongside the poor and oppressed. We serve every child in need that we possibly can, of any faith, or none. We partner with churches throughout the world, equipping them to meet the needs of their communities" (World Vision, 2013). Since World Vision collaborates with local churches in developing countries, they can collaborate with the current churches Medicus Christi works with to provide the necessary supplies and equipment to treat and train the Ghanaians (World Vision, 2013).

Medicus Christi is also working with Project Cure, a non-profit that has provided Medicus Christi with $20,000 aid of smaller supplies such as wheelchairs, hospital beds, and Band-Aids.

International Aid: "International Aid is a Christian relief ministry that seeks to tangibly demonstrate the love of Jesus Christ to those who are suffering" (International Aid, 2013). They offer medical supplies at a fraction of the cost (refurbished) equipment manufacturers. On International Aid's website, they have different stories of how their efforts have affected people. Medicus Christi could write an article to be posted on their website, which will make viewers of the website aware of Medicus Christi. People who are interested or share International Aid's mission, will see that Medicus Christi holds the same values true to providing healthcare and education to countries that are struggling and follow the traditions of Christianity, like International Aid does. The different marketers than may view International Aid's website that Medicus Christi could grab attention of, with articles boasting about progress thanks to donations from IA, are medical suppliers looking to donate supplies to an organization, members of the Catholic Church, and philanthropists who donate to IA.

Stryker Corporation: "Stryker is one of the world's leading medical technology companies and is dedicated to helping healthcare professionals perform their jobs more efficiently while enhancing patient care"(Stryker, 2013). Currently is providing Medicus Christi with donating stock and equipment.

There are many other medical suppliers who share Medicus Christi's goals, but are not currently working with the organization:

AmeriCares Foundation Inc.: Currently AmeriCares is working in Ghana, dedicated to "delivering critical medicines and medical supplies to support the improvement and expansion of health care services". "We provide a wide range of support to a network of 46 facilities ranging from referral hospitals to community clinics and orphanages across the country" (website). Applying to AmeriCares Medical Outreach Program, Medicus Christi will have the opportunity to receive donations from the program (AmeriCares, 2013).

Catholic Medical Mission Board: "Catholic Medical Mission Board (CMMB) is the leading U.S.-based Catholic charity focused exclusively on global health care" (Catholic Medical Mission Board, 2013). Since the company is a catholic based organization, they share the same objectives and values; Medicus Christi can use this as a source of supplies.

PROBLEMS AND OPPORTUNITIES

One problem that we have come to realize is that the majority of the people Medicus Christi are companions, limiting the influence of outside ideas. This could hinder the growth and development of building awareness since people that we surround ourselves with on a day-to-day basis usually share the thoughts that we have and limit our ability to network. To go along with that, if a situation ever arises between the workers, since they are close companions, there may be personal conflicts that could be brought in to the business. Another problem is that currently social media is not being used as effectively as it could be. Seeing as there are millions of Internet and social media users, these forms of communication should be utilized. Another problem is that the video on his website is not prominent. People could look right by it and not know that it exists.

An opportunity that Medicus Christi could further take advantage of is Dr. Marotta's connection to Siena College. Using a college system and network to generate awareness could be beneficial and relatively inexpensive since the relationship with Siena has already been established. Another opportunity would be utilizing the information that Dr. Marotta gained from the movie producer about his current video. She gave him suggestions on how to edit the video to make it more appealing and professional, and also where to place the video on the website.

MARKETING GOALS AND OBJECTIVES

The goal of our marketing efforts will be to generate more awareness for Medicus Christi and target high-income individuals, philanthropists, and use connections with medical suppliers. By developing a proper marketing strategy we will increase awareness significantly in the capital region by using methods that appeal to high-income individuals, philanthropists, and medical suppliers.

In terms of high-income individuals, we will aim to increase awareness among this class and that awareness will increase the amount of donations being made to Medicus Christi. Since people are in constant flux with regards to income level, depending on situations like the economy and marital status, it is difficult to estimate exactly the percentage of increase in the amount of awareness. We would aim at increasing the awareness level by at least 10% within the next 6 months.

In terms of philanthropists, since there are much fewer of them, the percentage of level of increase of awareness will be projected to be much lower. Currently, Medicus Christi relies on face-to-face interactions to get donations from this demographic. We will develop a marketing plan that can merge high-income individuals and philanthropists in order to be efficient at generating awareness.

In terms of medical suppliers, our marketing objective will focus on gaining financial donations. Currently, Medicus Christi has relationships with medical suppliers that have resulted in the donation of equipment and supplies. We will utilize those already existing relations to reach out to other medical suppliers to ask for financial contributions. By doing this, we will aim to increase financial donations from medical suppliers by 10% within 6 months.

MARKETING STRATEGIES AND TACTICS

Based on our objectives, we can develop a marketing strategy that will be specifically targeted to achieving these goals for the short term and long term. For a year's time, Medicus Christi must focus on cheaper methods of creating awareness and advertising. Currently, they are working with a budget of $20,000 for the entire year. This is a limited budget, and requires that most marketing efforts be free or low of cost. Within the first year, Medicus Christi should primarily focus on developing a more pronounced social media presence. By doing this, they will create awareness among local people, and could potentially reach people on the opposite coast. Social media efforts should be focused on Facebook, Twitter, and Instagram. A well-developed Facebook page for Medicus Christi should be made, as well as twitter and Instagram with the name of Medicus Christi should be made. These forms of social media would be able to create an online community with the use of the hash tag. Also within the next year, Medicus Christi should organize an awareness event that is revolved around a healthy lifestyle and targeting those with a sufficient amount of disposable income.

Short Term Strategies

We would recommend embellishing a Facebook page that is strictly used for Medicus Christi. On the Facebook page there should be a brief overview of the project, contact information for Medicus Christi, contact information for board members, pictures from visits to Ghana, and a link for donations. This will allow for a direct root and connection to active social media users. To go along with social media, Medicus Christi should also develop an Instagram site. Medicus Christi should post pictures from the travels to Ghana and the layout and designs for the buildings. People relate to visuals, so this will be an impactful and free way to market. Medicus Christi should implement a phrase that is "hash tag" worthy. This way, every post about Medicus Christi will be categorized according to the hash tag and this will allow people to click on the hash tag and see what other people are posting about Medicus Christi and see who has been donating. Having a prevalent hash tag word or phrase will be vital to creating awareness through social media. A good example of a hash tag would be " #MedicusChristi". By using social media to generate awareness, Medicus Christi will be reaching out to a large segment of the population. They would also be able to get in contact with and impact the decision of opinion leaders and reference groups. High Income Individuals are innovators, so they are usually trendsetters and will want to be the first to know about upcoming charitable causes and fashion trends. They are active social media users and will use this form of communication as a way to become aware of different local events and organizations. Getting them involved with Medicus Christi through Facebook, twitter, and Instagram, and having them navigate the use of the hash tag will be a beneficial way to generate awareness.

Another recommendation we have for Medicus Christi is to utilize the already established connections with medical suppliers. If Medicus Christi was able write up a form of a thank you letter to the medical suppliers for donating, and the medical suppliers put this write up on their websites, this would be free marketing. People who visit these websites will see the post by Medicus Christi and it will generate interest that will hopefully result in the consumers searching the website and ending up in a donation. We also suggest that Medicus Christi fill out an application form for a grant from the Coca Cola Africa Foundation. The beliefs of this organization directly line up with the beliefs of Medicus Christi. We think that they will be successful with their application and that Medicus Christi will receive a financial grant from The Coca-Cola Africa Foundation.

Also, as an incentive to donate, Medicus Christi could implement a "Buy a Brick" plan. On the Medicus Christi website there could be a page describing the program. The program would require that someone donates $2,000 or more to have their name etched on a brick that would lead up to the W.A.L.C. or T.O.R.C.H. building. Both individuals and companies could buy these bricks. People who participate in this program would feel like they are the part of the building process and be motivated to donate. This would fulfill their need for esteem. Donors would feel a need of achievement and respect that they are making a difference and donating to a great cause. Larger bricks could also be available for those willing to make larger donations. Medicus Christi could use the Polar Engraving website to fulfill the orders for the donors and bricks (polarengraving.com). By using this link, Medicus Christi could order the bricks for $16.50 and would receive free shipping in the United States. This would be a minimal cost and they would arrive quickly.

In addition to buying bricks, when larger donations are made of $15,000 or more, donors could have the option to name rooms in the T.O.R.C.H and W.A.L.C buildings. For example, the largest operating room could be named after the biggest donor. This program would satisfy people's need for power by gaining status and recognition.

We would also recommend hosting a 5k-running/walking event. This would be a great way to target high-income individuals and philanthropists because they have active lifestyles. To generate awareness you could post the information on the Medicus Christi website and on the newly developed Facebook page. Medicus Christi could also try to "rent out" the field space at Siena College to host this event. It could be called Walk for W.A.L.C. This event could utilize the hash tag of Medicus Christi. Registration for the event would cost $30, and this cost would include a racing number, a free tee shirt, and information about Medicus Christi and the project. Some of the costs that will be incurred will be the purchase of the tee shirts and for the 1st, 2nd 3rd place winners they can have their name on a brick; which furthers involvement. Medicus Christi would be able to utilize student volunteers to help run the event and take pictures.

Specifics

Work with surrounding businesses in the area that typically donate to 5k runs. Some businesses that typically donate to this kind of fundraiser are Price Chopper, Mohawk Ambulance Service, St. Peter's Health Partners, Capital Care Medical Group, Starbucks, Janssen, and K-Love. All these businesses are relatively close to Medicus Christi's headquarters, so communication between the businesses will be relatively easy since we suggest going to these businesses in person to ask for help. The run would take place on Siena Campus, which has in the past donated the campus for 5k runs such as the Alzheimer's Walk. We believe a reasonable amount of participants would be 850, including Siena students, alumni, residents of the community, local churches, and people who believe in Medicus Christi's cause. Besides the run, we suggest have other events that day where participants can donate more money to the cause. The day of the event would be April 12, 2014. The t-shirts would cost Medicus Christi roughly $6,000, but charging $30 a head, with 850 participants, Medicus Christi can raise up to $25,000.

Long Term Strategies

After a year of these low cost marketing efforts, Medicus Christi will have gained enough awareness and monetary funds to increase the amount spent on their marketing and advertising campaigns. At this time, Medicus Christi should come up with a more elaborate plan for marketing. They could utilize sources of communication like radio talk shows, television programs and advertising, a lavish gala event, and creating a clothing and accessory line to sell for a profit. At this time, Medicus Christi should be devoting at least 10-15% of their revenue to marketing efforts (Quara, 2013).

We would recommend hosting a gala event in the form of a silent auction. We are targeting high-income individuals and philanthropists and these types of people have a lavish lifestyle. A gala event or a silent auction will feed into the egos of these types of people. They enjoy getting dressed up and attending social events. This will be a great way to get people talking about Medicus Christi. We would recommend renting out a hall, like the Hall of Springs in Saratoga, and getting products and services donated for the cause. This, on average, would cost 800 dollars for renting a half-day from the hall (four hours). There would also be a variable cost of 38 dollars for each person to attend the event. The Hall of Springs has a maximum occupancy of 500 guests. Medicus Christi would have to pay for chef fees for the hors' d'oeuvres. Also there would be a bar fee, and at a silent auction it would be most accommodating to the guests to have an open bar. For this event, sponsors would have to be used. Medicus Christi would rely on donations from retails stores, art galleries, and service providers to have items to auction off at the event.

RECOMMENDATIONS FOR IMPLEMENTATION AND CONTROL

After hosting the 5K race on the Siena campus, we could design a quick survey to email to the people who participated in the event asking about how they liked it. We could also design another survey to send out to the entire Siena Community that would ask questions like, "Were you aware of the event this past weekend?", "Are you aware of what the cause was for the event?" and then also if they attended the event or knew someone who attended the event. This would help Medicus Christi gauge awareness among the Siena community, and also would establish a relationship with the high-income individuals that participated in the event. Including an income question, we could see if we were successful in targeting high-income individuals.

Also at the end of the survey, we would include the link to the website, so the survey participants can visit the website and donate. For the Buy a Brick program, we can provide a picture of the donator's brick with a link, so they can share the link with friends and family on their social media pages and email addresses. Also they would receive a certificate for their kind donation that could be hung in their homes for guests to see. Both incentives would advertise Medicus Christi's name to people who may not be aware of the organization. Understanding that high-income individuals like showing off their wealth, we see the Buy-a-Brick program being a success with that target market.

To promote the program, we would advertise in many ways. First we would advertise the buy a brick program at Medicus Christi events such as the 5k and gala. We would display the actual bricks because the more involved the consumer is with the product, the more likely they are to purchase the bricks. Another way we would advertise is on our website. Making the website more interactive will increase consumer involvement and motivate them to make a purchase. By showing where the brick and donation money are going to will have people more likely to donate. After purchasing a brick, we would have the purchaser provide their information such as email and home address, so first we can send them their certificate and picture of the brick and hospital. Secondly using this information, we could collect the data for demographics to see where and who is donating to Medicus Christi. Lastly, we would use the information to keep in contact with our donors. Whether it is to send them updates of the organization or information about upcoming events or programs. Similar to website, we will promote the program on our social media platforms to reach out to donors that are current and update with the trends.

SUMMARY

Medicus Christi should primarily focus on marketing efforts that do not require a heavy amount of initial capital and investment. They must start with campaigns that will build awareness. To build awareness, Medicus Christi should revamp their social media platforms, use their existing relationships with medical suppliers, host an event like a 5K, and implement a program that would provide an incentive to make hefty donations, for example the Buy and Brick Program. After creating awareness, Medicus Christi will see an increase in the amount of donations and revenue, and this will lead them to be able to design a more elaborate and expansive marketing plan.

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THE CORE FOUR CONSUMER DISCRETIONARY FUND: 5X BETA EXPERIMENT

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ABSTRACT

This report provides analysis on the feasibility and implementation of creating a portfolio with a beta of five, or achieving 500% returns compared to the portfolio's benchmark. The experiment was completed over a two-month period and was conducted using the Consumer Discretionary SPDR as the benchmark for the experimental product. Also, the fund only held equities in the Consumer Discretionary sector that were believed to be under-valued by analysts. By performing backtesting before creating a portfolio, it was determined that the most effective way in which to manage the portfolio would be to trade on an intraday basis. However, due to trading limitations, managers were not able to perform intraday trading. Instead, the fund's futures position was rebalanced one time per day to achieve a beta of five. Through the experiment it was found that achieving a beta of five is possible. However, there are other ways in which a beta of five could be achieved, and these alternatives will be examined.

INTRODUCTION

The goal of this experiment was to determine if it was possible to achieve a beta of five times of a product's benchmark through the daily trading of futures. The Core Four Consumer Discretionary Portfolio was created to determine the feasibility. This fund is described in full detail. Research into the feasibility of the product needed to be completed before the implementation. To do so, backtesting was done to determine if the fund's management would allow for a beta of five-times. The backtesting results found that it was possible. The fund was implemented and actively managed using an Excel-based model to compare the fund's returns to its benchmark. The historical data (benchmark returns, individual equity returns, portfolio returns, the risk-free rate) determined how to balance the portfolio to achieve the desired beta.

After two months of active trading the fund did achieve a final average beta of 5.04. This means that even in a short period of time it is possible to meet a mandate of a beta of 5, despite unforeseen events and market inconsistencies.

Even though the product worked as desired, the feasibility and demand for the product must be analyzed after the experiment. There are other products that could offer a beta of five if properly balanced with other investments (mini-futures or Vix Fund futures are just two examples). However, these other products have different strengths and weaknesses compared to the Core Four Fund.

PART 1: PORTFOLIO SETTING

I. The Core Four Consumer Discretionary Product

The Core Four Fund seeks daily investment returns, before fees and expenses, of 500% of the price performance of the Consumer Discretionary SPDR. The portfolio was established in September 2013.

The Core Four Fund is comprised of medium and large cap equities in the Consumer Discretionary sector. The Consumer Discretionary Select Sector Index includes companies from the following industries: retail (specialty, multi-line, internet and catalog); media; hotels, restaurants & leisure; household durables; textiles, apparel & luxury goods; automobiles, auto components and distributors; leisure equipment & products; and diversified consumer services (Consumer). The fund is not comprised of retailers selling consumer staples, such as supermarkets, drugstores, or liquor stores.

The Core Four Portfolio has two objectives, 1) to provide five-times the reward of the Consumer Discretionary SDPR, and 2) to provide alpha returns through superior stock selection of undervalued equities. The stock selection, allocation process, and specific holdings are described later in detail.

In order to achieve a portfolio that has five times the reward of the Consumer Discretionary SPDR, the fund actively trades S&P 500 next month futures contracts on a daily basis. The fund, at any time, holds about 1,000 following month futures contracts. The holding of futures (which have a beta of 10) allow the fund to achieve rewards five times higher than its benchmark.

II. Existing Similar Products: Direxion Daily Retail Bull 3X Shares - RETL

The RETL Product

A similar product to the Core Four Consumer Discretionary Fund is the Direxion Daily Retail Bull 3X Shares (RETL) fund. This is a trading leveraged equity fund, which combines the diversification benefits of a mutual fund with the ability to trade on an intraday basis (Leverage). One benefit of investing in mutual funds is that they provide an immediate diversification benefit. Since mutual funds are composed of many different stocks, investing in them helps alleviate the risk associated with only investing in one individual stock. The fund uses the Russell 1000 Retail Index as its benchmark. This index is made up of companies that sell manufactured discretionary products to consumers. Companies in the Russell 1000 Retail Index include both diversified retailers and speciality retailers, which include department stores, discount stores, and superstores (RETL).

Investment Objective

The Direxion Daily Retail Bull 3X Shares fund has a goal of generating daily investment returns of 300% of the Russell 1000 Retail Index. It does not seek to achieve 300% of the performance of the index over a period of time greater than one day (Direxion). The fund does this through intraday trading. Similar funds can trade up to 20 times per day to ensure a daily desired beta (Interview).

Investment Strategies

The fund invests a minimum of 80% of their assets in long positions in the companies that make up the Russell 1000 Retail Index, and a variety of financial instruments that exposes the fund to leveraged and unleveraged risk to the index (Profile). The financial instruments that the fund uses to create leverage include: futures contracts; options on securities, indices and futures contracts; equity caps, floors and collars; swap agreements; forward contracts; short positions, reverse repurchase agreements, and exchange-traded funds. The multiple types of derivative securities gives the fund higher liquidity so the fund can effectively rebalance throughout the day. It also allows the fund to use derivatives based on the fund's benchmark and even specific securities the fund holds. This makes it easier for RETL to achieve the desired beta of three-times the Russell 1000. The fund also holds short-term debt instruments with high quality credit reports. These include U.S. government securities and repurchase agreements (Shares). At the end of each trading day, the fund's Investment Adviser, Rafferty Asset Management, LLC adjusts the positions so the portfolio's exposure to the Russell 1000 Retail Index matches the Fund's investment objective.

Fund Performance

The average annual total return for the fund before taxes for the one year period ended on December 31, 2012, was 80.06%, and since its inception date of July 14, 2010 a return of 52.11% has been realized. The Russell 1000 Retail Index had returns of 24.77% and 21.73% for the respective corresponding periods. This indicates that the RETL Fund has had an average beta of 3.23 since December 31, 2012 and an average beta of 2.40 since its inception in July 2010.

Fund's Beta Performance

Appendix C shows daily beta values of RETL for the period from September 24, 2013 to December 2, 2013. This is the same time period as the Core Four Fund was managed in order to be able to compare the variation of betas between the two funds. By graphing, RETL's return against the Russell 1000 Index it can be seen that RETL is able to effectively avoid many significant daily beta deviations. This is also evident from the r-squared value of the graph, which is 90.16 percent.

III. Investment Policy Statement

Portfolio

The portfolio will begin with an initial investment of $100,000,000 to be invested only in the Consumer Discretionary Sector and S&P 500 December 2013 futures contracts. Dividends and capital gains from the sale of equities during rebalancing will be reinvested and used to purchase more shares of existing holdings.

Investment Objectives

The financial goal of the Core Four Fund is to provide investors with five-times the reward of the Consumer Discretionary SPDR, while also receiving alpha returns through stock analysis of value stocks.

Investment Philosophy

The fund is meant for investors willing to accept risk in order to achieve high rewards. The fund focuses on maintaining a beta of five while achieving capital gains through the superior stock selection of value stocks.

The fund is not diversified. The fund only invests in the Consumer Discretionary sector, specifically in stocks that the Core Four believe are undervalued. It is the investor's responsibility to diversify his/her portfolio with other funds or individual stocks or bonds.

The fund will actively trade on a daily basis. This will aid in the maintenance of a beta of five compared to the benchmark of the Consumer Discretionary SPDR (XLY). Cash rebalancing due to the receipt of dividends as well as the sale of equities will be reinvested and no cash will be held for an extended period of time, as this will negatively affect the fund's ability to reach its goal of a five-times beta relative to its benchmark. Daily futures contract trading and rebalancing will be costly. However, the fund does not focus on the costs involved. The fund rather focuses on realizing 500% of the reward of the Consumer Discretionary SPDR.

The Core Fore Fund will not offer any tax shields built into the product. However, an investor may choose to place this fund inside his/her tax shelter such as Roth IRA in order to avoid taxes from capital appreciation. The fund is an aggressive investment vehicle. Therefore, the investor could mitigate his/her tax liability by placing it in a tax shelter.

Investment Selection Criteria

The Core Four Portfolio is an actively managed fund which will purchase new securities when the fund sees them as undervalued based on the security's upside potential. The portfolio has developed multiple constraints on the vast amount of securities that are available for potential investment. These constraints limited the pool of securities to a number that was reasonable to analyze in a short time period. There are five carefully selected constraints that limit the available pool of investable securities for the portfolio. The five constraints are as follows:

1) Exchanges: The equities are limited to only major United States exchanges.

2) Industry Classification: The equities are limited to only equities primarily listed on the Consumer Discretionary sector (since that is the basis of the portfolio).

3) Company Type: The equities were required to be public companies to ensure that they were publicly traded.

4) Market Capitalization: The equities were limited to a market capitalization greater than $5 billion. This helps to focus on large cap stocks to make it easier to find stocks that will fit in the portfolio under the volume limit.

5) Exchange Country: The equities were limited to being listed on United States exchanges. This helps to eliminate companies that are not from the United States and therefore may not have accounting policies that are GAAP compliant.

These constraints help to provide a pool of equities to select from for the Core Four portfolio that match the needs of the portfolio. As previously stated, these needs are to achieve 5-times the reward of its benchmark and provide alpha returns through stock selection.

Holdings and Allocation

The Core Four portfolio has maintained holdings in numerous equities over the portfolio's short 2-month life so far. Some holdings are no longer held as they may have been sold off because of poor performance or the future outlook on the security was no longer as promising as it originally was at the time of purchase. Positions in securities may increase if the outlook on the stock has improved or if it is available at a discount. The Core Four portfolio has maintained positions in the following stocks so far in its brief existence: (NYSE:UA), (NASDAQ:YNDX), (NYSE:LGF), (NYSE:DPZ), (NYSE:GNC), (NASDAQ:AMZN), (NYSE:KORS), (NASDAQ:SFLY), (NYSE:NLS), (NASDAQ:TSLA), (NASDAQ: MAR). These equities are currently owned or have been owned at one point by the Core Four portfolio. Some of these equities may no longer be owned by the portfolio at this point and there is no guarantee that these equities will be in the portfolio in the future. The portfolio also has the ability to add equities which have not been previously owned assuming those securities fit within the portfolio's selection criteria. The current market value of the portfolio is $120,876,727.39. The portfolio's current allocation based off of this market value is as follows:

Symbol	Company Name	Market Value	Allocation
AMZN	Amazon.com Inc.	$34,680,496.90	29%
GNC	GNC Holdings Inc.	$15,364,760.40	13%
KORS	Michael Kors Holdings Limited	$16,634,153.76	14%
LGF	Lions Gate Entertainment Corp.	$10,982,522.04	9%
MAR	Marriott International Inc.	$12,727,561.50	11%
NLS	Nautilus Inc.	$876,396.79	1%
UA	Under Armour Inc.	$15,607,773.45	13%
YNDX	Yandex N.V.	$14,003,062.55	12%
	Total	**$120,876,727.39**	**100%**

Monitoring Procedures and Rebalancing

The fund will be monitored daily and adjustments will be made after the market is closed. Adjustments will only be made one time per day.

Constraints

The Core Four Fund is limited to initial investments totaling $100MM. The fund's trade limit for the two months is 100 total trades. This limits transactions cost as much as possible, even though the fund will incur high transactions costs due to daily rebalancing. There is a tradeoff between rebalancing and transactions cost. Rebalancing will help achieve the desired beta, however it will cost significantly more, this lowers returns. Finally, the fund may not purchase, at any one time, more than half the daily trading volume of the individual security (in order to not move the market).

IV. Building the Portfolio: Allocation and Selection Strategy

The Core Four Portfolio allocates holdings in its portfolio with equities which are viewed as having the largest upside potential by the analysts. The purchase of equities is restricted based on a volume limit. This volume restriction prevents the portfolio from purchasing, at one time, more than 50% of a stock's average daily volume. This prevents any equity purchases from significantly altering the market price of the stock. This would be unfavorable as it would artificially inflate the stock price. There are certain equity selections that we may make that may have a limited allocation based on this volume limitation. With the exception of the volume limit we attempt to maintain at least a five percent allocation in each equity so that the equities provide a valuable benefit to the portfolio return.

The Core Four portfolio has an active selection strategy analyzing equity securities within the consumer discretionary sector. The portfolio focuses primarily on large cap stocks due to the volume limit imposed on the portfolio. The volume limit makes it difficult to select equities that have smaller market capitalization since these equities typically trade with a lower volume. The lower volume restricts the number of shares of the company that can be bought. This restriction on the number of shares for these small cap stocks typically results in any allocation in small cap stocks being inconsequential on the total return of the portfolio. We invest in companies which are considered industry leaders and that have a distinct competitive advantage over their competitors, based on the company's upside potential. We typically focus on a selection strategy around value investing, as value stocks have proven to have higher upside historically than growth stocks.

Benjamin Graham, the father of value investing, has demonstrated through his research, that over the long run value stocks have returned greater value than growth stocks have. Value stocks are considered stocks that are undervalued on the basis of value metrics whereas growth stocks look at the quality of a company and its future growth where it may already be fairly priced. Graham found that investing in quality companies that are liquidable and have low valuations is key to producing significantly higher returns in the stock market than growth investing.

Analysts in the Core Four portfolio look at a variety of metrics in the consumer discretionary sector in order to find companies that were well run and undervalued. Analysts typically looked for companies that were leaders in their particular sub-industry and were considered undervalued by the analysts. The full stock analyses of Amazon (AMZN) and Nautilus, Inc. (NLS) can be found in the appendix. It demonstrates how each security is analyzed. For simplicity, the other holdings' analyses are summarized in the appendix. The full reports were included just to show the analyst's line of thinking and evaluation process.

PART 2: BACKTESTING, IMPLEMENTATION, AND MANAGEMENT OF THE PORTFOLIO

I. Backtesting and Simulation

Before implementing the portfolio, it was very important to determine if it was possible to have a portfolio with such a high beta. In order to determine the feasibility of maintaining a portfolio with a beta of 5, historical data was used to create a simulated portfolio of futures and stocks. We used about 2 years of daily historical data. This data included the historical daily returns for individual stocks within the Consumer Discretionary, S&P 500 futures, the risk-free rate modeled by 30-day US Treasuries, based off the return of the daily returns of the S&P 500. Four different sets of backtesting were conducted, each with different scenarios.

Back Test I simulated a passive equity portfolio. Passive ETFs track a specific index and are not managed by a fund manager on a daily basis. This backtesting assumed that the positions in equity were not changed throughout the trading period and only the amount of futures was updated. Throughout the period of backtesting there were significant daily beta deviations. This indicated that it would be harder to achieve a beta of 5 with a passive management style.

Back Test II simulated an active equity portfolio. This means that the fund would be managed on an intraday basis, meaning that positions would be updated throughout the day. Under the conditions of Back Test II the beta of the portfolio remained around 5. The results of Back Test II indicated that a beta that was very close to 5 could be achieved through active management.

Back Test III was an ex-ante test that assumed that the equity and futures portion of the portfolio would always move proportionally to the benchmark in a predictable manner. Throughout the course of this test the beta of the portfolio remained at a value of 5. This is expected because if the equity and futures portion of the portfolio are moving proportionally to the benchmark in a predictable manner, the number of futures needed to maintain a beta of 5 could easily be calculated and adjusted based on the knowledge of the movement of the portfolio and benchmark. This shows that if the movement of the market is known, a beta of 5 can easily be obtained.

Back Test IV was an ex-ante test that assumed that the equity and futures portion of the portfolio would always move proportionally to the benchmark in a non-foreseeable manner. As expected, the daily forecast for the portfolio's beta was further away from 5 than the other three tests. This is expected because if the market is moving in a non-foreseeable manner, it would be much more difficult to keep the portfolio's beta at 5 on a daily basis, since managers would have to constantly adjust the futures positions based on the current market. This test indicated that there would be daily deviations in beta since we did not know how the equity and futures portion of our portfolio would move in relation to its benchmark.

In all of the backtests there were days where the beta was significantly lower than 5 and other days that the beta was significantly higher than 5. However, as we calculated an average rolling beta over the period, the fund's beta converged extremely close to 5 (varying only by a few basis points as the daily data points increased with time).

Based on these findings from backtesting it became evident that it was possible to achieve a beta of 5 or at least very close to a beta of 5. However, the challenge would be to achieve this beta in a time period of only 3 months compared to the 2 year time period we simulated with backtesting.

II. Implementation

Based on the backtesting results, the Core Four analysts saw that it was necessary to actively manage the portfolio. In order to do this, the analysts used an Excel-based model developed by Dr. Eric Girard. The model compiled data from Capital IQ in order to determine the optimal number of futures to hold on a daily basis to achieve the desired beta of five-times.

The model computed the daily returns of the benchmark, based on an index of 100. Day 1 of trading the benchmark was indexed at 100. Each day's returns were based off this index. A loss on the day left that day's index below 100, and a gain left that day's index above 100. This calculated how the return of the benchmark on a daily basis (or ⅕ the return the Core Fore desired for the fund for the day). The model also tracked the fund's long equity position value and the price of 3-month S&P 500 futures. All data was end-of-day values. From this data the equity's beta was calculated and the future's beta was calculated for each day. Each day, the portfolio value was entered in the model, taken from StockTrak. The model then calculated the optimal number of futures to hold for the next day, based on this historical information.

This was calculated by taking the portfolio value for the day, and multiplying it by 5 to achieve the desired beta. Then taking the difference from that value and the long position equity value gives the movement in equity. Dividing this value by the future's beta and the price of 250 futures contracts gives the recommended number of futures to purchase for the next day. This allowed the analysts to managed the fund on a daily basis.

III. Management

The Core Four Fund portfolio is managed on a daily basis. Futures are bought and sold once per day, based on the recommended value from the Excel model. This makes it more likely to achieve the desired beta. Cash on hand is also balanced on a nearly daily basis. In terms of equity management, equities were analyzed approximately every 2 weeks. The equities were analyzed to determine in if they were providing adequate return and still considered under-priced by the Core Four Analysts. Better management processes are discussed later.

PART 3: PORTFOLIO EVALUATION

I. Portfolio Performance Results

The Core Four Fund analyzes its fund using a variety of metrics. These include: the Jensen Ratio (a risk-adjusted measurement that calculates the alpha of an investment), the Treynor Ratio (a risk-adjusted measurement that calculates the excess return over a risk-free investment), and the Sharpe Ratio (which measures the excess return of a portfolio due to superior stock picks). These metrics are shown in Appendix F and will be referred to in the next sections. However, for this experiment, the most important metric is the beta of the portfolio. While achieving returns, the fund will more focus on maintaining a beta of five.

Equity Evaluation

The equity portion of the Core Four Portfolio has returned 6% YTD over the short two month existence of the portfolio. The annualized returns of the portfolio are 36% which is a significant rate of return for a portfolio focused solely on the consumer discretionary sector. A majority of the portfolio's return is from the allocation in AMZN which is the leader of the portfolio and a big reason why the allocation is so high in Amazon. While these returns appear to be small it is important to remember that these returns are simply returns of the portfolio over the last two months and the annualized returns for these equities are much more significant.

Symbol	Company Name	QTY	Price Paid	Cost Basis	Market Value	Return
AMZN	Amazon.com Inc.	88,403.00	$333.63	$29,493,892.89	$34,680,496.90	18%
GNC	GNC Holdings Inc.	258,666.00	$59.64	$15,426,840.24	$15,364,760.40	0%
KORS	Michael Kors Holdings Limited	203,451.00	$77.24	$15,714,555.24	$16,634,153.76	6%
LGF	Lions Gate Entertainment Corp.	348,873.00	$32.50	$11,338,372.50	$10,982,522.04	-3%
MAR	Marriott International Inc.	273,711.00	$45.93	$12,571,546.23	$12,727,561.50	1%
NLS	Nautilus Inc.	119,563.00	$6.87	$821,397.81	$876,396.79	7%
UA	Under Armour Inc.	192,285.00	$81.23	$15,619,310.55	$15,607,773.45	0%
YNDX	Yandex N.V.	349,465.00	$38.47	$13,443,918.55	$14,003,062.55	4%
Total				$ 114,429,834.01	$ 120,876,727.39	6%

Beta Evaluation

At the end of two months of trading, the fund achieved an average beta of 5.04. This was calculated by taking an arithmetic rolling average of the daily betas over that period of time, from September 24, 2013 to December 2, 2013. These values can be found in Appendix E. The standard deviation of the daily returns was 1.05. This is a fair standard deviation considering there are only 48 data points (trading days). Outliers could affect such a small data set. For example, the within the first days of trading the fund experienced betas of: 10.69, 8.47, and 8.04. Overtime as the fund actively managed its position in futures contracts to control the desired beta, the rolling average of the daily betas over the 48 day time period converged very close to 5. It can be said that the fund effectively and successfully managed this aspect of the portfolio and met its Investment Policy Objective.

The beta calculated in Appendix F is only 4.6. There is a difference here because of the type of regression used. Using the calculated the source that gave a beta of 5.04 is how the fund based the daily rebalancing. Thus, the fund met its objective it terms of using that metric.

Total Portfolio Evaluation

In terms of analyzing the returns of the portfolio, it is important to look at a variety of measures that help demonstrate why the returns were realized. The aforementioned evaluation metrics for the total portfolio can be found in Appendix F.

Over the two months of trading the portfolio has an annualized return of 196%, compared to the benchmarks annualized return of 52%. However the daily returns had extreme variation. The annualized standard deviation for returns is 85% compared to the 15% of the benchmark. This is explained by the fact that the Core Four Fund held less than 10 equities at one time, so if one security price moved significantly in one day, it would greatly affect that day's returns. This led in a lot of variation among each of the day's total returns.

Furthermore, it is important to look why the returns were realized. The Core Four Fund's Sharpe Ratio for the time period was 2.2794 compared to the benchmark's of 3.5282. The fund has a lower Sharpe Ratio because it took on unnecessary excess risk. This fund earned less per unit of risk than the benchmark. It is because the fund was designed to move five-times faster than the market which adds risk, due to leverage. The Treynor Ratio confirms this as well. The fund earned less per unit of risk over the risk-free rate than the benchmark did. The Jensen Measure provides the same conclusion. The Core Four Fund has a Jensen Ratio of -1.6332. The fund did manage its risk properly. Finally, the fund had a Information Ratio of -12.8967. This means that the fund did not generate excess returns compared to the benchmark. The fund took on more risk, while not being compensated for taking on that risk. This could be expected in a product that moves five-times faster than the market. In fact, some of the negative results could be attributed to the active trading of futures contracts. The fund did not analyze an acceptable buy/sell price. This is to say the fund did not buy and sell futures to gain return. The futures were purchased only to lever the equity part of the portfolio. In the future it should be managed more effectively in order for more efficient risk management.

II. SWOT Analysis

Strengths

A large strength for the product and a point of differentiation is that it allows investors with small amounts of money to invest in a product that has a high beta. It would be difficult for an individual to purchased equities and futures contracts to hold, considering on contract costs upwards of $250,000. For investors desiring a riskier asset with high upside potential, this would be a highly demanded product.

Weaknesses

The most evident weakness of the management phase of the Core Four Fund was the lack of ability to trade on an intraday basis. This weakness is one of the reasons that the Core Four Fund experienced significant beta deviations away from 5 on some days. A weakness of the implementation phase of the Core Four Fund was making sure that all of the formulas in the excel file were correct. The reason for this is because the final calculation of beta is dependent on formulas in other worksheets in the file. Since all of the worksheets are intertwined, a mistake in one of these worksheets would influence values in other worksheets.

Opportunities

An opportunity for funds achieving a high beta is to trade different types of derivatives. For example, Mr. Hayes recommended the trading of Vix futures or other futures that more closely follow the benchmark. This gives more liquidity for the fund to actively trade on a daily basis as well as diversify the fund's holdings.

Threats

A threat for funds actively trying to achieve such as high beta is the high costs involved. These costs greatly reduce the potential returns. So potential investors may look elsewhere to a product that does not trade as much. These investors could balance their desired beta by holding more/less cash, buying on margin, or buying mini-futures.

PART 4: EXPERIMENT RESULTS

I. Improvement of the Implementation and Management Phase

The most difficult process of the management of the Core Four Fund was attempting to avoid drastic daily deviations in the fund's beta. As discussed earlier, the Core Four Fund experienced some daily beta deviations that were significantly different than 5. The primary reason for this is because of the Core Four Fund's trading method. The Core Four Fund trades futures once a day before the market opens. This has two important implications on the daily beta value of the fund. The first is that the fund is trading futures based on the prior day's performance of the benchmark index, along with the previous day's performance of the fund's equity. Obviously the prior day's performance is not indicative of what will happen on the current day. By trading based on historical values the fund is more apt to significant deviations away from a beta of five. The second implication of trading futures once a day is that the fund is not able to react to current market conditions. Without actively monitoring the portfolio's beta and adjusting the fund's position in futures accordingly, the portfolio is more likely to experience beta deviations.

The idea that trading futures on an intraday basis would help eliminate some of the deviation seen in the Core Four Fund's daily deviation in its beta was confirmed by a conversation with Brian Hayes. Hayes is a head equity trader and portfolio manager at Pershing, which is a subsidiary of the Bank of New York Mellon. The portfolio Hayes trades for is actively managed throughout the day, and he will make anywhere from ten to twenty trades a day in order to create or reduce risk. Typically he trades leveraged ETFs and futures. Leveraged ETFs use financial derivatives and debt to amplify the returns of a specific index (Leveraged). Since leveraged ETFs seek amplified returns of a specific index actively trading them can create or reduce risk. This can be done easily since they are highly liquid and traded throughout the day.

When graphing the fund's daily beta versus the daily beta of RETL (Appendix D) it became evident that the professionally managed fund uses different management techniques than the Core Four Fund. This is demonstrated by RETL's significantly less deviation from its 3X mandate of its index (Russell 1000 Retail Index) as compared to the Core Four Fund's 5X mandate versus its benchmark (Consumer Discretionary SPDR). Also

RETL's r-squared value versus its benchmark is about 90 percent, while the Core Four's is approximately 74 percent.

II. Feasibility

Overall the Core Four Fund would be feasible for an individual investor. One of the reasons for this is because of the ability to allow investors to invest in the consumer discretionary sector at a five-times beta without paying extraordinarily high costs. The costs to invest in future contracts are extremely high since you have to invest in a certain number of contracts in order to buy the futures. The minimum amount in terms of dollar value is typically around the $100,000 to $250,000 range. This is a large investment to make for many investors which can make it difficult to invest on their own at such high costs. The advantage this fund has is that it has a large amount of capital available to it so that it can easily trade these futures to achieve a beta of 5 that investors may be looking for. Investors can achieve a beta of 5 by investing in the Core Four portfolio and would only have to pay the price of the fund which would be much cheaper than the cost of an investor individually purchasing and maintaining a portfolio in the consumer discretionary sector with such a high beta. Another reason this fund could be feasible is that investors may not want to spend time managing a portfolio and would rather have trained individuals manage the portfolio for them.

One way to make the Core Four Fund more feasible would be to set it up as a passive equity portfolio. This type of product would exhibit characteristics more similar to an ETF. The equity portion of this portfolio would not be actively managed like the equity portion of the Core Four Fund. With a passively managed equity portion of the portfolio, the fund would not attempt to beat the market with the buying and selling of its securities. This type of portfolio would implement a buy and hold strategy, meaning the fund would hold its equity selections regardless of short-term price fluctuations.

IV. Alternatives

Alternative products to achieve a high beta include: Vix Futures, as well as Mini-Futures, Options, and/or Swaps derived from the Consumer Discretionary Sector. However, these products are very costly and some do not have high liquidity. For example, there are 44 different types of Mini-Futures and only 10 of them have an average daily trading volume above 1,000 contracts. This would be problematic, because in order for the Core Four fund to achieve a beta of five, the fund held anywhere from 800 contracts to about 1,400 contracts. To make daily adjustments in that range would be nearly impossible when trading mini-futures.

IV. Findings, Results, Issues, and Concerns

Managing a beta of 5 is extremely difficult. It is very important to rebalance the fund's holdings daily to try and achieve this. However, rebalancing is based off historical data. This means that future unknown market conditions could severely affect the beta. Furthermore, the portfolio is comprised of at any time of about 10 stocks. This is much smaller than the S&P 500 universe. Therefore, unforecasted movements in anyone of those stocks could also affect the fund's beta as well. We experienced this. In a two-day period, one of our holdings, Tesla Motors (TSLA) lost about 22% while the market only lost 1.1%. This is equivalent to a beta of 20x. This greatly contributed to movement in the fund's beta because the portfolio was comprised of 40% of Tesla at the time.

Furthermore, the model used to maintain a beta of five-times can only use historical data. The model assumes that the movement in the market in "Day 2" will be the same as the movement in "Day 1." The model calculates the necessary number of futures to hold today based on historical market movement compared to the fund's performance.

The Core Four Fund has only been active for two months. This makes it more challenging to achieve a beta of five-times the benchmark. From backtesting it has been demonstrated that it takes time for the beta to stabilize and converge to 5. A few unforeseen events could greatly affect the outcome as previously mentioned. However, over a long period of time, it is much easier to maintain a desired beta.

One concern with the Core Four Fund is that it does not trade futures for its benchmark index. By not trading futures for the S&P 500 rather than the Consumer Discretionary SPDR the fund is more susceptible to fluctuations in its daily beta. The reason for this is because the performance of the stocks in the Consumer Discretionary Sector will not necessarily see similar returns to the S&P 500. The fact that the Core Four Fund does not trade futures for its index is partly responsible for the daily beta deviations seen in the fund.

CONCLUSION

Prior to engaging in the actual test four different back tests were conducted in order to determine the feasibility of creating a portfolio with a beta of 5. All four of the ex-ante back tests showed that it would be feasible to create a portfolio with a beta of 5. After conducting the actual test, the ex-ante findings that a beta of 5 could be achieved. By the end of the experiment the Core Four Fund had a beta of 5.04. Although the Core Four Fund did meet its mandate of having a beta of five, over the course of trading there were some daily significant beta deviations. These daily deviations in beta led to to the question; "How can drastic beta deviations on a daily basis be avoided?" Further research into this question led to the conclusion that trading on an intraday basis would help alleviate daily beta deviations. This led us to determine that the main issue with the implementation of the portfolio was the inability to trade on an intraday basis. Therefore, the most obvious solution to this problem would be adding the ability to trade on an intraday basis. With the ability to trade on an intraday basis it is likely that significant daily deviations would be avoided within the Core Four Fund. Active portfolio management is crucial to maintain a desired beta.

APPENDIX A: FULL STOCK ANALYSIS EXAMPLES- NLS

Nautilus, Inc. (NYSE:NLS): Economic Analysis as of December 5th, 2013
Consumer Discretionary

Recommendation

NLS is currently trading at $7.27 with a market cap of $226.48 million. I am placing a recommendation of a **BUY** on NLS at this price due to Nautilus changing its product mix, a significant increase in investment for research and development, and a strong balance sheet.

Company Overview:

Nautilus, Inc. is a company which specializes in producing consumer fitness products to sell to the United States and Canada. Nautilus owns multiple subsidiaries including Bowflex, Schwinn, and Universal. The company sells both through direct sales channels and retail sales channels. Nautilus sells mainly cardio equipment for the personal home gym as well as strength equipment. Nautilus also does business with fitness centers selling mainly cardio equipment.

Thesis

I reiterate my **BUY** for NLS at its current price of $7.27 for the following reasons:

- A change in the sales product mix to better suit the industry's tastes
- An increase in research and development expense to provide equipment at the forefront of the industry
- A strong balance sheet that allows NLS to be flexible with its investments

Sales Product Mix

Nautilus previously operated a sales product mix in which they focused primarily on selling strength equipment. However, Nautilus found that this product mix was not attracting the appropriate target market. Typically, people who do strength training will purchase a gym membership since the cost of investing in a personal home gym is much higher than the cost of a gym membership. Due to this sales struggled since people would go to a gym instead of buying equipment to workout at home. Once Nautilus realized they determined that it would be best if they changed their sales strategy. Nautilus decided to begin advertising more for their cardio products.

Cardio products are far more desirable to consumers since they are much smaller and require a much smaller investment. Cardio equipment also has the added benefits of only needing one machine as well as being able to multi-task by watching TV or doing other activities that are commonly done in the home now. Also, in-home cardio equipment has the benefit of allowing parents to workout at home and watch young children at the same time which they would be unable to do if they went to the gym. Cardio is also a much more casual fitness activity than strength training as people who are just getting into fitness will usually start with cardio instead of strength training.
This shift in the product mix can be seen in the chart below as it shows that cardio products increased revenue generated by 32.5% from 2011 to 2012. This is compared to a 21.8% decrease from 2011 to 2012 for strength products. This shows that management has made a concerted effort to maximize the industry opportunity of the popularity of cardio equipment compared to strength equipment. Continuing this trend and adapting to changes in the industry preferences is crucial to the future of Nautilus and this change has shown that they are capable of doing so.

	Year Ended December 31,						
	2012		2011		Change		% Change
Direct net sales:							
Cardio products[1]	$	**100,677**	$	75,982	$	24,695	32.5 %
Strength products[2]		**24,301**		31,079		(6,778)	(21.8)%
Total Direct net sales		**124,978**		107,061		17,917	16.7 %

Research and Development

In the consumer fitness industry providing the next cutting edge product before your competition is vital to staying ahead of your competitors financially. This is an industry where newer, sleeker, more cutting-edge equipment is produced all of the time. While nautilus was previously lagging in this department they decided to bolster their investment in research and development and truly become a leader of the industry in this category. To account for this desire to increase innovation in the company and provide better, more efficient product lines, Nautilus increased its research and development expense by 29.2% from 2011 to 2012. Nautilus also stated that they expect this to continue to increase in 2013. This shows Nautilus' commitment to providing the leading fitness equipment in the industry and this will likely be rewarded with an increased customer base.

Balance Sheet

A crucial part of any business is its ability to invest in new ideas. Possessing a strong balance sheet is crucial to that as it allows flexibility in a company's investments. With the rapidly changing industry preferences that exist in the fitness industry it is vital to be able to make investments at any time. A strong balance sheet is flexible and this typically means that a company is readily able to pay off any long term debt if need be and are not saddled with high credit risk and interest expense. Nautilus possesses an extremely strong and flexible balance sheet due to their elimination of all of their long term debt between 2011 and 2012. This will allow them to pursue other investments at much lower rates since they will be considered a much safer investment. Nautilus also possesses a cash balance of over $23 million which is almost 25% of total assets. This shows that Nautilus has a very safe and strong balance sheet that is capable of pursuing new investments very profitably in the future.

Valuation

I am rating Nautilus, Inc. with a **BUY** rating at its current price of $7.27. I am rating it a buy due to its decision to change the sales product mix to be correctly aligned with the industry as a whole allowing them to be more profitable in the future and showing that management can make tough decisions to benefit the future of the company. Also, the decision to bolster research and development is crucial to invigorating the product line and attracting new customers as well as maintain their current customers in an extremely competitive environment. Finally, Nautilus' strong balance sheet is crucial to allowing them to make solid investments in the future that will help the company grow at a consistent rate.

Source	Target Price	Recommendation
Siena	$9.14	BUY
Yahoo Finance	$9.00	BUY

CapitalIQ	$9.30	BUY

APPENDIX B: FULL STOCK ANALYSIS EXAMPLES- YNDX

Yandex N.V. (Nasdaq: YNDX): Economic Analysis as of October 31st, 2013

Consumer Discretionary

Recommendation

YNDX is currently trading at $37.31 and has a market cap of $12.99 Billion. I am recommending a **BUY** at a price below $____ due to Yandex being the clear leader in their industry in Russia, he growth of the industry in Russia, the competitive advantage that Yandex has, their recent acquisitions and partnerships, as well as no long term debt, strong margins and a large cash balance.

Company Overview

Yandex N.V. operates a search engine primarily in Russia while also operating in several other Eastern European countries. They also provide a multitude of other services including Yandex.Mail, Yandex.Market and Yandex.Maps. Yandex operates multiple mobile application solutions and operates out of offices worldwide while being headquartered in Russia.

Thesis

I reiterate my **BUY** for YNDX at a price below $___ for multiple reasons:

- Clear leader of the Russian search engine industry and several other Eastern European countries
- Strong growth within the online advertising industry combined with increasing internet use in Russia
- Strong competitive advantage over all industry competitors combined with unparalleled Brand strength in Russia
- Recent acquisitions and partnerships have enhanced the product lineup offered by Yandex
- Strong margins compared to industry competitors combined with no long term debt and a large cash balance

Industry Leader

Yandex currently operates in the Russian search engine market controlling 61.9% of the market share in Russia. Currently they only operate in Russia, Ukraine, Kazakhstan, Belarus, and recently expanded into Turkey in 2012. Yandex maintains one-third of the market share in both the Ukraine and Kazakhstan as well as 43% of the market share in Belarus. Also, Yandex has reached a market share of 2% in Turkey which they were able to reach in only a couple of months compared to Google who required two years to achieve a 2% market share in Turkey. Yandex's CEO firmly believes that they will gain 30% of the Turkish search engine market share within 5 years. Most industry leaders in the search engine industry firmly believe the concept of 60/30/10 existing in their industry.

60/30/10 means that the largest search engine a country will maintain about a 60% market share and the second biggest search engine will maintain about a 30% market share with the rest of the country's search engines comprising the remaining 10% of the market. This can be seen in the below which illustrates the market share search engines in Russia. As seen in the chart Yandex holds the 60% share with Google having close to a 30% share and Mail.ru combined with all other competitors make up the final 10% share of the market.

Industry Growth

	2010	2011	2012	2013
Yandex	63.6%	63.3%	60.2%	61.9%
Google	21.9%	23.4%	26.2%	26%
Mail.ru	7.9%	7.1%	8.5%	8.4%

While the internet and online advertising have almost completely penetrated the market in the Western world, there is still plenty of growth left to occur for these industries in the Eastern hemisphere. Currently the internet has only penetrated 52% of Russia leaving a sizable population left to realize the benefits that the internet provides. This figure is expected to grow to 71% by 2014 while the number of Yandex users increased 12% last year. With search engine results expanding 26% over the last year it is clear that with results expanding faster than users are growing, users are spending more time on Yandex which is critical to producing revenues.

In the search engine industry a majority of revenues are produced from online advertising. The online advertising industry is still not anywhere near its full potential in Russia and Eastern Europe as it has in America. Just last year revenues grew 43% year over year which is a tremendous growth in ad revenues and shows Yandex's ability to be able to monetize their platform now and in the future. Yandex increased the number of advertisers on their platform by 24% a tremendous amount of growth in customers and it helps to show the increasing awareness and realization from the Russian industry that online advertising is a viable and lucrative advertising investment. With such a large amount of customers, Yandex has a highly secure revenue source since no single advertiser accounts for more than 1% of their revenues. This provides revenue stability since any customer that leaves will have a minimal impact on the bottom line. The chart below also shows the growth of advertising expenditures in Russia compared to the growth of online advertising expenditures in Russia. As you can see on the chart the CAGR from 2009 to 2012 for online advertising expenditures has been 30% higher than Russia's total advertising expenditures. This illustrates that the growth in Russia's advertising market is primarily coming from the growth in online advertising expense. From this it could be concluded that Russian companies have begun to realize the value that online advertising brings to their company and are moving a large amount of their advertising expense to online advertising.

	2009	2010	2011	2012	2013E	2014E	2015E	CAGR 2009 - 2012	CAGR 2012 - 2015E
	RUR in millions								
Online advertisin; expenditur	19,133	26,800	41,800	58,500	76,208	97,000	121,000	45.14%	27.41%
Total advertisin; expenditur	176,585	207,300	251,697	286,290	325,308	364,700	407,700	17.48%	12.51%

Competitive Advantage

Yandex maintains a significant competitive advantage over its competitors and that is that Yandex is a Russian company operating in Russia and Eastern Europe where it has a deeper understanding of the language and culture than would an outsider like Google who has limited knowledge of these. The Russian language is one of the more difficult languages to learn and therefore provides significant obstacles to outsiders like Google and Microsoft. The Russian language provides many difficulties in searching because it is not solely a phonetic language. A phonetic language is a language which when spoken is easily translatable to its written form. When a language is not fully phonetic it makes it more difficult to learn and understand which can be a problem for search engines. The

Russian language only has 20 consonants in the alphabet however due to “softening” of consonants. This creates more than 40 consonants phonetically but it can be difficult to decipher in writing which makes the language difficult to understand on paper.

With Yandex having a strong Russian background they developed an early competitive advantage by being the first search engine in Russia that had the ability to recognize Russian inflection in their search queries producing a better more aligned search with the user’s search interests. Yandex was five years ahead of all of its competition in Russia in focusing on the intricacies of its competitors in Russia providing clear value for its users. Recently Yandex has continued to expand upon their previously strong search engine by striving to improve its capabilities. In 2011 they introduced Reykjavik, which is helps to deliver results based on user language preferences. Then, in 2012, Yandex released Kalingrad which offers personalized search results and suggestions through analyzing the user’s prefences and prior history to provide optimal results. Yandex also provides a superior map service compared to Google which has endeared them with Turkey especially well. These competitive advantages help to set them apart from their competition.

Acquisitions and Partnerships

Yandex has recently entered into a number of partnerships and acquisitions that are expected to provide significant benefits to the company. Yandex has reached agreements over the last year with Samsung, Microsoft, and Apple. These agreements are all aimed at placing Yandex as the primary search engine on all of these company’s products where Yandex operates. This provides a significant boost to revenues since there will be a significant boost in users on their platform. Any large increase in users such as this one will drive more advertisers to their platform since they will have a larger consumer base for advertisements to reach. This will also drive up the price of their advertisements since it is in greater demand.

Yandex recently purchased Kinopoisk for an undisclosed amount as of now. Kinopoisk is essentialy Russia’s version of IMDB, a large movie database. Kinopoisk is the 14th largest site in Russia and is the largest and most in depth Russian website dedicated to movies, television shows and celebrity gossip. This acquisition goes far beyond just an increase in web traffic for Yandex. Yandex has plans for the future of fully integrating Kinopoisk to increase the product breadth that they offer. Yandex has plans to integrate Kinopoisk within all of their various services. They plan on using Kinopoisk’s large inventory of reviews on a massive collection of movies and shows to direct users to other areas of their website. These other areas are the Yandex marketplace, and Yandex maps. They plan to use Kinopoisk as a site where users would go for reviews and then when they find something they want Yandex would make suggestions for them. For example, if a user finds a movie they want to watch Yandex will provide them with directions to the nearest store that has the movie or the ability to buy the movie off of the Yandex marketplace. Additionally, Yandex has been in contact with several premium video streaming services to incorporate a youtube-like service into their offerings as well which would allow suggested videos related to the movie reviews to provide another source of integration. This acquisition will provide a significant influx of users as well as likely increasing their length of stay both which will have a positive impact on advertising revenue.

Financials

Yandex presents a strong balance sheet as well as a strong income statement. This starts with Yandex not having any debt on the balance sheet providing maximum flexibility in their investments and allows them to use more of their cash to fund new projects to expand the business instead of paying off interest expense. This allows them to fund projects quicker in an always changing industry. Also , if you look at Yandex compared to their competitors they are similar or better than their competitors in a number of key areas. The chart below shows Yandex’s performance against its competitors. Research and development as a percent of net sales is on par with its competitors on the surface however all of their competitors are significantly larger than them and are diversified away from just being a search engine. What this means is that while Google is spending 13.54% of their revenues on research and development similar to Yandex’s 15.01% except that Yandex is spending all of their R&D expense in Russia on their search engine. Meanwhile, Google is a global company operating in nearly every country with a wide array of products through which their R&D expense is distributed diminishing the R&D Google applies to its Russian search engine. This is similar for all of Yandex's competitors as they are all diversified in a similar manner to Google. Yandex also maintains an EBITDA margin higher than their competitor's average and its EBITDA is growing faster than all of its competitors except for Facebook. This means that Yandex is getting more cents on every dollar of revenues than its competitors are. A portion of this may largely be contributable to Yandex's cost of goods sold. As you can see Yandex has cost of goods sold as a percent of net sales at 8% lower than their competitor's average a significant advantage in creating profitable margins. Also, by looking at the next column you can see that their costs are also increasing slower than almost all of their competitors except for Google who has reached a size where there overall growth has slowed. This shows that Yandex will have costs growing at a slower rate than their competitors contributing to more profitable margins than their competitors in the future.

	Name	Ticker	Mkt Cap (USD)	R&D/Net Sales LF	EBITDA to Net Sales	EBITDA 1Yr Growth LF	COGS/Net Sales LF	Cost of Goods Sold - 1 Yr Growth:Q
	Average		92.76B	16.52%	37.74	22.63%	31.06%	30.73%
100)	YANDEX NV-A	YNDX US	11.76B	15.01%	43.12	40.43%	23.46%	23.38%
101)	YAHOO! INC	YHOO US	32.76B	23.48%	29.22	-27.89%	28.99%	-16.38%
102)	GOOGLE INC-CL A	GOOG US	336.74B	13.54%	31.33	14.15%	43.06%	7.69%
103)	BAIDU INC - SPON ADR	BIDU US	51.56B	12.26%	56.34	3.65%	34.63%	81.49%
104)	FACEBOOK INC-A	FB US	115.82B	18.30%	23.32	82.64%	25.15%	57.45%
105)	MAIL.RU GROUP-GDR REGS	MAIL LI	7.89B	N.A.	43.13	22.78%	N.A.	N.A.

Valuation

I am rating Yandex N.V. as a **BUY.** I believe that with the company's market position as the leader of search engines in Eastern Europe and Russia they have a strong foothold in their industry and will continue to monetize within the industry. Combined with the strong growth of this industry in Russia and Eastern Europe with Yandex's distinct competitive advantage and Yandex seems poised to continue to grow and dominate Russia's search queries. The acquisition of Kinopoisk points to a strong future for Yandex in terms of product development. Also, the partnerships with most of the top mobile suppliers in the world to be the leading search engine on their mobile devices is a critical additional stream of users that will lead to increased advertising revenues. With Yandex's strong margins and focus in research and development Yandex will continue to develop and realize large profits from their revenues. I believe Yandex is a buy as do other industry analsysts and I am pricing them with a one year target price at $43.97 based on my proforma below.

Source	Target Price	Recommendation
Capital IQ	$42.39	Buy
Bloomberg	$42.16	Buy
Siena College	$43.97	Buy

APPENDIX C: STOCK ANALYSIS SUMMARIES FOR OTHER HOLDINGS

Under Armour

Under Armour maintains a 13% allocation in the portfolio and is in line with the metrics that the analysts look for in finding stocks to be placed into the portfolio. One metric that Under Armour fits is the consistent revenue growth exhibited by the company over the last several years. This shows that Under Armour is able to continue its growth in the future and expand until it reaches economies of scale and increase its margins. The potential to reach economies of scale in the future is also shown by Under Armour increasing it EBITDA consistently. Growth in the EBITDA margin represents that the company is returning value to the shareholders since the company is receiving more pennies on the dollar. Under Armour also maintains negative net debt on their balance sheet. Negative net debt means that a company has more cash on hand than it has long term debt. A company with negative net debt has the ability to more readily invest in projects that will help the company grow in the future. Also, a company's economic spread or ROIC – WACC spread is one of the biggest measurements of valuation for equities. Having a positive economic spread means that the company is returning more on its investments than the company requires its investments to return. This is a positive sign that a company has a good management team and is able to generate a positive return on its investments.

Lions Gate Entertainment

Lions Gate Entertainment maintains a 9% allocation in the portfolio. Lion's gate is also line with the analysts' metrics. Lion's gate maintains an EBITDA margin that is twice the size of its competitors which shows that LGF returns twice as much value to its shareholders since it operates much more efficiently. The reason that LGF has an EBITDA margin so much higher than its competition is that it operates with a risk-averse strategy. Where most production companies are looking for the next big blockbuster movie to bring in massive amounts of revenue, LGF brings in revenue from movies differently. LGF attempts to produce movies that are low-budget but have a targeted market that is almost guaranteed to watch it. This prevents LGF from attempting to release the next big budget blockbuster that doesn't pan out and cripples companies. LGF operates in a way that removes much of this risk from the equation. Also, LGF operates with low net debt so they have flexibility to begin new investments easier which can allow them to produce more films than other companies.

Domino's Pizza

Domino's Pizza is no longer allocated into the Core Four portfolio as it had been sold off due to the analysts' pursuing other investments with higher upside potentials. DPZ possessed some of the metrics that the analysts look for to take a position in a stock. DPZ had an economic spread of 78% which means that DPZ was returning 78% on its investments above what they required. This is a tremendous amount of value created by DPZ as it shows that they are continually providing extraordinary returns on their investments. Also, DPZ has been increasing both its profit and EBITDA margins over the last several years which provides additional value to shareholders and additional money for the company to reinvest. Another metric the analysts look for is companies that are industry leaders. DPZ is certainly a leader in the fast-food pizza industry as its customers continuously come back and they are significantly stronger than all of their competitors.

Amazon.com, Inc.

Amazon.com Inc. currently maintains a 29% allocation in the portfolio and exhibits a number of key metrics that the analysts find important for selection. AMZN's EBITDA growth is twice its industry competitors which shows AMZN's ability to increase its revenues without increasing its costs as quickly. This EBITDA growth is due in large part to Amazon being an innovative leader in its industry. Amazon is considered to be one of the biggest and best internet retailers in the world and this leads to incredible growth in sales as well as limited cost increases. Amazon also has negative net debt which means that they maintain a cash balance which is greater than the amount of long term debt that they have. This allows AMZN to be versatile in the investments they make in the future since they have no risk of being unable to make debt payments.

Michael Kors

Michael Kors currently maintains an allocation of 14% in the Core Four portfolio. KORS possesses several keys metrics that the analysts seek out in selecting a company to be in the portfolio. KORS has an EBITDA margin that is 10% higher than its competition. This allows KORS to realize an additional ten cents on the dollar compared to its competitors a significant advantage in continuing future sales growth. KORS also maintains a negative net debt which means that their cash position is greater than the amount of long term debt that they have on the books. Negative net debt allows a company flexibility in how they invest in the future and provides them with more leeway to pursue riskier projects. KORS has also emerged as an industry leader in the luxury goods market due to its strong brand allowing them to charge higher prices while also having higher customer loyalty. Another important metric is the economic spread which is the ROIC-WACC spread. KORS has an economic spread of 30% which means that the company returns 30% more on its investments than the company requires its projects to return.

Shutterfly

Shutterfly is no longer held in the Core Four portfolio due to the analysts pursuing other investments with potentially higher upsides. Shutterfly has experienced EBITDA growth of 56% which is extreme growth in their margins showcasing an ability to improve their margins which they have done with both their gross margin and their EBITDA margin. Growth in a company's margins is critical to providing value to investors since it increases the profitability of the company. SFLY also maintains a negative net debt due to having more cash on its balance sheet than long term debt. This allows SFLY to be more flexible and make riskier investments. This is especially crucial for a small growing company like SFLY.

Tesla

Tesla is no longer held in the Core Four portfolio due to analysts pursuing other investments with potentially higher upsides. Tesla has produced extraordinary sales growth of 100% in its last fiscal year which is critical to their company plans. Tesla has the big picture in mind of a nationwide electronic car grid with charging stations throughout the country. To do this Tesla needs to increase its sales so that there are enough cars to make the system profitable. This 100% sales growth shows promise in progressing towards that idea. Also, Tesla's high R&D expense compared to its competitors is promising if they want to stay at the innovative forefront of the electric car industry. This is crucial to get consumers to buy the electric car.

Appendix C: Proformas of All Holdings

Company Ticker	amzn
Compnay	Amazon.com Inc.
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Internet Retail (25502020)
Next earning's date	1/29/2014
Current price of Amazon.com Inc. as of 12/05/2013	$ 385.96
Fair value of Amazon.com Inc. as of 12/05/2013	$ 397.66
Estimated 1-year target price as of 12/05/2013	$ 462.05
1-year upside potential	19.71%
Entry price for a 1-year 20% return	$ 385.04
Entry price for a 1-year 30% return	$ 355.42

	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	8.84%	52.29%	-24.46%	-1.70%	8.27%	50.53%	-24.96%
COGS/REVENUES	72.35%	73.26%	72.61%	72.40%	72.65%	72.73%	72.60%
SG&A/REVENUES	17.59%	16.94%	17.25%	17.40%	17.29%	17.22%	17.29%
R&D/REVENUES	10.15%	8.79%	9.41%	9.61%	9.49%	9.33%	9.46%
OTHER OP. EXP./REVENUES	0.06%	0.16%	0.16%	0.15%	0.13%	0.15%	0.15%
OPERATING CURRENT ASSETS/REVENUES	78.76%	73.66%	76.54%	77.27%	76.56%	76.01%	76.59%
D&A/REVENUES	4.19%	3.68%	3.93%	3.99%	3.95%	3.89%	3.94%
OPERATING CURRENT LIABILITIES/REVENUES	94.40%	91.04%	92.11%	92.85%	92.60%	92.15%	92.43%
CAPEX/REVENUES	6.07%	6.30%	5.50%	5.83%	5.93%	5.89%	5.79%
DIV/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INT. EXP/TOTAL DEBT	1.18%	0.99%	0.99%	0.99%	0.99%	0.99%	0.99%
INT. GAINS/CASH	0.23%	0.20%	0.22%	0.22%	0.22%	0.22%	0.22%
				EARNINGS			
Revenues	$ 17,092.00	$ 26,029.14	$ 19,661.30	$ 19,327.63	$ 20,926.36	$ 31,501.32	$ 23,637.84
COGS	$ 12,366.00	$ 19,068.68	$ 14,275.10	$ 13,992.74	$ 15,203.59	$ 22,910.47	$ 17,160.14
S&A	$ 3,006.00	$ 4,409.49	$ 3,390.82	$ 3,362.57	$ 3,618.78	$ 5,424.33	$ 4,086.76
R&D	$ 1,734.00	$ 2,288.91	$ 1,850.33	$ 1,857.83	$ 1,986.02	$ 2,938.09	$ 2,236.18
Other Operating Expenses	$ 11.00	$ 41.63	$ 30.52	$ 28.18	$ 27.48	$ 46.65	$ 34.30
Total Operating Expenses	$ 17,117.00	$ 25,808.71	$ 19,546.77	$ 19,241.32	$ 20,835.88	$ 31,319.53	$ 23,517.38
EBITDA	$ 692.00	$ 1,178.67	$ 888.03	$ 856.67	$ 916.88	$ 1,406.43	$ 1,051.60
D&A	$ 717.00	$ 958.25	$ 773.50	$ 770.36	$ 826.40	$ 1,224.65	$ 931.13
EBIT	$ (25.00)	$ 220.43	$ 114.52	$ 86.30	$ 90.49	$ 181.78	$ 120.46
Int. expenses	$ (36.00)	$ (30.72)	$ (28.34)	$ (24.98)	$ (23.57)	$ (29.00)	$ (22.55)
Int. gains	$ 9.00	$ 10.04	$ 9.59	$ 9.49	$ 9.58	$ 9.71	$ 9.60
Other Non-Operating expenses	$ (1.00)	$ (62.00)	$ (62.00)	$ (62.00)	$ (62.00)	$ (62.00)	$ (62.00)
EBT excluding Unsual Items	$ (53.00)	$ 137.75	$ 33.78	$ 8.82	$ 14.50	$ 100.50	$ 45.51
Unusual items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ (53.00)	$ 137.75	$ 33.78	$ 8.82	$ 14.50	$ 100.50	$ 45.51
Taxes	$ 12.00	$ -	$ -	$ -	$ -	$ -	$ -
Net Income	$ (41.00)	$ 137.75	$ 33.78	$ 8.82	$ 14.50	$ 100.50	$ 45.51
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				FINANCIAL POSITION			
Cash	$ 3,872.00	$ 5,035.25	$ 4,273.06	$ 4,221.08	$ 4,350.35	$ 4,469.93	$ 4,328.61
Operating Current Assets	$ 13,462.00	$ 19,172.07	$ 14,419.16	$ 14,913.65	$ 15,597.47	$ 17,608.99	$ 16,128.81
Net Property Plant and eq.	$ 9,991.00	$ 10,278.69	$ 10,483.15	$ 10,761.51	$ 11,045.24	$ 11,068.17	$ 11,287.42
Intangible Assets	$ 2,635.00	$ 2,765.25	$ 2,637.31	$ 2,662.89	$ 2,675.11	$ 2,685.14	$ 2,665.11
Other Assets	$ 1,901.00	$ 1,653.25	$ 1,836.06	$ 1,831.33	$ 1,805.41	$ 1,781.51	$ 1,813.58
Total Assets	$ 31,861.00	$ 38,904.50	$ 33,648.74	$ 34,390.46	$ 35,473.59	$ 37,613.75	$ 36,223.53
Operating Current Liabilities	$ 16,135.00	$ 23,696.36	$ 18,169.26	$ 18,986.36	$ 20,057.41	$ 21,560.29	$ 20,612.94
Recurring Debt	$ 3,043.00	$ 3,043.00	$ 3,096.01	$ 2,855.72	$ 2,516.99	$ 2,375.36	$ 2,922.10
New debt (if <0, excess cash)	$ -	$ 53.01	$ (240.29)	$ (338.73)	$ (141.64)	$ 546.74	$ (649.73)
Total Debt	$ 3,043.00	$ 3,096.01	$ 2,855.72	$ 2,516.99	$ 2,375.36	$ 2,922.10	$ 2,272.37
Total Common Equity	$ 9,087.00	$ 9,408.89	$ 9,627.45	$ 9,784.97	$ 9,941.39	$ 10,156.07	$ 10,294.93
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 31,861.00	$ 38,904.50	$ 33,648.74	$ 34,390.46	$ 35,473.59	$ 37,613.75	$ 36,223.53
				CASH FLOW			
NWCsp	$ 577.00	$ 721.26	$ (432.39)	$ 237.50	$ 298.12	$ 63.17	$ 139.85
CAPEX	$ (1,038.00)	$ (1,245.93)	$ (977.96)	$ (1,048.72)	$ (1,110.13)	$ (1,247.57)	$ (1,150.39)
Stock based compensations	$ 281.00	$ 261.00	$ 267.25	$ 276.81	$ 271.52	$ 269.14	$ 271.18
Amortization of deferred charges	$ 117.00	$ 104.75	$ 104.75	$ 104.75	$ 104.75	$ 104.75	$ 104.75
Unlevered Free Cash Flow	$ 638.38	$ 832.34	$ (298.02)	$ 289.89	$ 342.45	$ 423.01	$ 267.06
Levered Free Cash Flow	$ 615.88	$ 911.61	$ (216.98)	$ 373.10	$ 426.48	$ 503.56	$ 351.72
Shares Outstanding	457.73	458.19	458.63	458.97	459.28	459.52	459.71
				VALUATION			
Risk-adjusted discount rate per period	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Median Implied Enterprise Value	$172,021.01	$184,317.36	$190,870.29	$198,844.52	$206,529.00	$214,479.76	$222,648.34
Adjusted Net debt	$ (829.00)	$ (1,939.24)	$ (1,417.34)	$ (1,704.09)	$ (1,974.99)	$ (1,547.83)	$ (2,056.23)
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$176,667.01	$186,256.60	$192,287.64	$200,548.60	$208,503.99	$216,027.60	$224,704.58
Median Implied Stock Price	$ 385.96	$ 406.51	$ 419.27	$ 436.96	$ 453.98	$ 470.11	$ 488.79

Company Ticker	dpz
Compnay	Domino's Pizza, Inc.
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Restaurants (25301040)
Next earning's date	2/27/2014
Current price of Domino's Pizza, Inc. as of 12/05/2013	$ 68.71
Fair value of Domino's Pizza, Inc. as of 12/05/2013	$ 99.44
Estimated 1-year target price as of 12/05/2013	$ 109.34
1-year upside potential	60.30%
Entry price for a 1-year 20% return	$ 91.12
Entry price for a 1-year 30% return	$ 84.11

	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	-2.41%	38.85%	-21.71%	-1.86%	-1.95%	40.29%	0.47%
COGS/REVENUES	70.14%	70.50%	70.50%	70.50%	70.50%	70.50%	70.50%
SG&A/REVENUES	13.33%	13.50%	13.50%	13.50%	13.50%	13.50%	13.50%
R&D/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OP. EXP./REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING CURRENT ASSETS/REVENUES	66.91%	58.15%	61.04%	62.33%	62.11%	60.91%	61.60%
D&A/REVENUES	1.85%	1.56%	1.71%	1.72%	1.71%	1.67%	1.70%
OPERATING CURRENT LIABILITIES/REVENUES	49.83%	46.25%	48.31%	48.46%	48.21%	47.81%	48.20%
CAPEX/REVENUES	2.15%	1.93%	1.72%	1.84%	1.91%	1.85%	1.83%
DIV/REVENUES	-2.91%	-1.42%	-1.77%	-2.20%	-2.08%	-1.87%	-1.98%
INT. EXP/TOTAL DEBT	1.32%	1.44%	1.44%	1.44%	1.44%	1.44%	1.44%
INT. GAINS/CASH	0.07%	0.08%	0.07%	0.07%	0.08%	0.08%	0.07%
				EARNINGS			
Revenues	$ 404.05	$ 561.00	$ 439.23	$ 431.06	$ 422.66	$ 592.95	$ 595.72
COGS	$ 283.42	$ 395.51	$ 309.66	$ 303.90	$ 297.97	$ 418.03	$ 419.99
S&A	$ 53.86	$ 75.74	$ 59.30	$ 58.19	$ 57.06	$ 80.05	$ 80.42
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Operating Expenses	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total Operating Expenses	$ 337.27	$ 471.24	$ 368.95	$ 362.09	$ 355.03	$ 498.08	$ 500.41
EBITDA	$ 74.26	$ 98.51	$ 77.79	$ 76.36	$ 74.85	$ 104.80	$ 105.46
D&A	$ 7.48	$ 8.75	$ 7.51	$ 7.39	$ 7.23	$ 9.92	$ 10.14
EBIT	$ 66.78	$ 89.76	$ 70.28	$ 68.97	$ 67.62	$ 94.87	$ 95.32
Int. expenses	$ (20.35)	$ (22.02)	$ (21.47)	$ (21.16)	$ (20.86)	$ (20.53)	$ (19.86)
Int. gains	$ 0.02	$ 0.04	$ 0.04	$ 0.03	$ 0.03	$ 0.04	$ 0.03
Other Non-Operating expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT excluding Unsual Items	$ 46.45	$ 67.79	$ 48.84	$ 47.84	$ 46.80	$ 74.38	$ 75.49
Unusual items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ 46.45	$ 67.79	$ 48.84	$ 47.84	$ 46.80	$ 74.38	$ 75.49
Taxes	$ (15.82)	$ (25.42)	$ (18.32)	$ (17.94)	$ (17.55)	$ (27.89)	$ (28.31)
Net Income	$ 30.63	$ 42.37	$ 30.53	$ 29.90	$ 29.25	$ 46.48	$ 47.18
Dividends	$ (11.77)	$ (7.96)	$ (7.79)	$ (9.48)	$ (8.78)	$ (11.07)	$ (11.79)
				FINANCIAL POSITION			
Cash	$ 32.08	$ 50.70	$ 49.68	$ 43.32	$ 43.95	$ 46.91	$ 45.96
Operating Current Assets	$ 270.33	$ 326.25	$ 271.98	$ 279.79	$ 282.17	$ 304.27	$ 301.03
Net Property Plant and eq.	$ 89.33	$ 89.79	$ 89.69	$ 90.25	$ 91.29	$ 90.13	$ 88.65
Intangible Assets	$ 29.69	$ 28.69	$ 28.87	$ 29.09	$ 29.08	$ 28.93	$ 28.99
Other Assets	$ 47.10	$ 49.61	$ 48.89	$ 48.55	$ 48.54	$ 48.90	$ 48.72
Total Assets	$ 468.52	$ 545.05	$ 489.10	$ 491.00	$ 495.03	$ 519.14	$ 513.35
Operating Current Liabilities	$ 201.34	$ 259.49	$ 219.42	$ 222.28	$ 226.24	$ 237.86	$ 243.38
Recurring Debt	$ 1,542.52	$ 1,542.52	$ 1,527.18	$ 1,489.15	$ 1,467.91	$ 1,447.03	$ 1,424.27
New debt (if <0, excess cash)	$ -	$ (15.34)	$ (38.04)	$ (21.24)	$ (20.89)	$ (22.75)	$ (46.57)
Total Debt	$ 1,542.52	$ 1,527.18	$ 1,489.15	$ 1,467.91	$ 1,447.03	$ 1,424.27	$ 1,377.71
Total Common Equity	$ (1,322.18)	$ (1,287.85)	$ (1,265.32)	$ (1,245.02)	$ (1,224.42)	$ (1,189.01)	$ (1,153.70)
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 468.52	$ 545.05	$ 489.10	$ 491.00	$ 495.03	$ 519.14	$ 513.35
				CASH FLOW			
NWCsp	$ (11.96)	$ (0.58)	$ (1.81)	$ (8.45)	$ (4.24)	$ (5.11)	$ (2.17)
CAPEX	$ (8.70)	$ (9.21)	$ (7.41)	$ (7.95)	$ (8.27)	$ (8.76)	$ (8.66)
Stock based compensations	$ 4.63	$ 5.13	$ 5.00	$ 4.84	$ 4.90	$ 4.97	$ 4.93
Amortization of deferred charges	$ -	$ 4.28	$ 4.28	$ 4.28	$ 4.28	$ 4.28	$ 4.28
Unlevered Free Cash Flow	$ 33.19	$ 60.19	$ 47.21	$ 38.94	$ 41.88	$ 60.31	$ 63.81
Levered Free Cash Flow	$ 20.47	$ 50.67	$ 38.05	$ 29.97	$ 33.09	$ 51.73	$ 55.65
Shares Outstanding	55.72	55.72	55.72	55.71	55.72	55.72	55.72
				VALUATION			
Risk-adjusted discount rate per period	2.14%	2.16%	2.16%	2.15%	2.15%	2.15%	2.15%
Median Implied Enterprise Value	$ 5,338.88	$ 6,920.86	$ 6,966.74	$ 6,963.94	$ 7,256.44	$ 7,707.94	$ 7,809.94
Adjusted Net debt	$ 1,510.44	$ 1,476.48	$ 1,439.47	$ 1,424.59	$ 1,403.08	$ 1,377.36	$ 1,331.74
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 3,828.44	$ 5,444.38	$ 5,527.27	$ 5,539.35	$ 5,853.36	$ 6,330.58	$ 6,478.20
Median Implied Stock Price	$ 68.71	$ 97.71	$ 99.20	$ 99.42	$ 105.06	$ 113.62	$ 116.27

Company Ticker	gnc
Compnay	GNC Holdings Inc.
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Specialty Stores (25504040)
Next earning's date	2/14/2014
Current price of GNC Holdings Inc. as of 12/05/2013	$ 58.98
Fair value of GNC Holdings Inc. as of 12/05/2013	$ 60.62
Estimated 1-year target price as of 12/05/2013	$ 67.88
1-year upside potential	16.10%
Entry price for a 1-year 20% return	$ 56.57
Entry price for a 1-year 30% return	$ 52.21

	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	-0.10%	-6.09%	19.00%	3.00%	1.00%	-9.00%	21.00%
COGS/REVENUES	62.41%	62.02%	62.02%	62.15%	62.15%	62.09%	62.10%
SG&A/REVENUES	18.94%	20.18%	19.62%	19.58%	19.58%	19.74%	19.63%
R&D/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OP. EXP./REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING CURRENT ASSETS/REVENUES	108.32%	109.14%	107.21%	108.06%	108.18%	108.15%	107.90%
D&A/REVENUES	1.89%	1.98%	1.90%	1.91%	1.92%	1.93%	1.92%
OPERATING CURRENT LIABILITIES/REVENUES	39.12%	40.68%	40.16%	39.65%	39.90%	40.10%	39.95%
CAPEX/REVENUES	1.80%	1.78%	1.70%	1.75%	1.76%	1.75%	1.74%
DIV/REVENUES	-2.11%	-2.09%	-2.13%	-2.11%	-2.11%	-2.11%	-2.12%
INT. EXP/TOTAL DEBT	1.03%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%
INT. GAINS/CASH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
				EARNINGS			
Revenues	$ 675.59	$ 634.47	$ 755.02	$ 777.68	$ 785.45	$ 714.76	$ 864.86
COGS	$ 421.65	$ 393.53	$ 468.23	$ 483.35	$ 488.17	$ 443.77	$ 537.09
S&A	$ 127.99	$ 128.02	$ 148.16	$ 152.25	$ 153.80	$ 141.09	$ 169.77
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Operating Expenses	$ 0.00	$ (0.00)	$ (0.00)	$ 0.00	$ 0.00	$ (0.00)	$ (0.00)
Total Operating Expenses	$ 549.64	$ 521.55	$ 616.39	$ 635.60	$ 641.96	$ 584.86	$ 706.86
EBITDA	$ 138.75	$ 125.46	$ 153.01	$ 156.92	$ 158.57	$ 143.68	$ 174.56
D&A	$ 12.79	$ 12.54	$ 14.38	$ 14.84	$ 15.08	$ 13.78	$ 16.56
EBIT	$ 125.96	$ 112.93	$ 138.63	$ 142.08	$ 143.49	$ 129.90	$ 158.00
Int. expenses	$ (11.24)	$ (11.86)	$ (11.58)	$ (11.24)	$ (10.97)	$ (10.53)	$ (10.16)
Int. gains	$ -	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Other Non-Operating expenses	$ 0.02	$ (0.04)	$ (0.04)	$ (0.04)	$ (0.04)	$ (0.04)	$ (0.04)
EBT excluding Unsual Items	$ 114.74	$ 101.03	$ 127.01	$ 130.79	$ 132.47	$ 119.33	$ 147.79
Unusual items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ 114.74	$ 101.03	$ 127.01	$ 130.79	$ 132.47	$ 119.33	$ 147.79
Taxes	$ (41.70)	$ (37.89)	$ (47.63)	$ (49.05)	$ (49.68)	$ (44.75)	$ (55.42)
Net Income	$ 73.03	$ 63.14	$ 79.38	$ 81.75	$ 82.79	$ 74.58	$ 92.37
Dividends	$ (14.23)	$ (13.29)	$ (16.12)	$ (16.44)	$ (16.59)	$ (15.11)	$ (18.32)
				FINANCIAL POSITION			
Cash	$ 77.68	$ 119.10	$ 109.24	$ 92.51	$ 99.63	$ 105.12	$ 101.63
Operating Current Assets	$ 731.80	$ 692.47	$ 730.26	$ 744.45	$ 749.74	$ 737.98	$ 779.12
Net Property Plant and eq.	$ 201.06	$ 199.93	$ 197.12	$ 194.33	$ 191.45	$ 189.61	$ 185.60
Intangible Assets	$ 1,496.73	$ 1,499.49	$ 1,498.95	$ 1,498.49	$ 1,498.41	$ 1,498.83	$ 1,498.67
Other Assets	$ 32.72	$ 32.69	$ 32.84	$ 32.76	$ 32.75	$ 32.76	$ 32.78
Total Assets	$ 2,539.99	$ 2,543.68	$ 2,568.41	$ 2,562.54	$ 2,571.98	$ 2,564.31	$ 2,597.80
Operating Current Liabilities	$ 264.29	$ 258.08	$ 271.70	$ 275.60	$ 279.70	$ 278.40	$ 294.80
Recurring Debt	$ 1,096.09	$ 1,096.09	$ 1,115.97	$ 1,089.91	$ 1,058.00	$ 1,032.97	$ 991.08
New debt (if <0, excess cash)	$ -	$ 19.88	$ (26.06)	$ (31.92)	$ (25.03)	$ (41.89)	$ (34.37)
Total Debt	$ 1,096.09	$ 1,115.97	$ 1,089.91	$ 1,058.00	$ 1,032.97	$ 991.08	$ 956.71
Total Common Equity	$ 843.88	$ 836.86	$ 873.32	$ 895.09	$ 925.37	$ 961.33	$ 1,012.59
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 2,539.99	$ 2,543.68	$ 2,568.41	$ 2,562.54	$ 2,571.98	$ 2,564.31	$ 2,597.80
				CASH FLOW			
NWCsp	$ (1.33)	$ 0.61	$ (14.46)	$ (16.43)	$ (6.56)	$ (5.28)	$ (13.49)
CAPEX	$ (12.16)	$ (11.41)	$ (11.57)	$ (12.06)	$ (12.20)	$ (11.94)	$ (12.56)
Stock based compensations	$ -	$ 0.75	$ 0.64	$ 0.35	$ 0.43	$ 0.54	$ 0.49
Amortization of deferred charges	$ 0.63	$ 0.63	$ 0.63	$ 0.63	$ 0.63	$ 0.63	$ 0.63
Unlevered Free Cash Flow	$ 78.03	$ 73.07	$ 75.63	$ 75.50	$ 86.44	$ 78.29	$ 89.75
Levered Free Cash Flow	$ 71.64	$ 66.29	$ 69.02	$ 69.11	$ 80.21	$ 72.34	$ 84.03
Shares Outstanding	95.00	95.07	95.15	95.22	95.28	95.33	95.36
				VALUATION			
Risk-adjusted discount rate per period	2.64%	2.64%	2.64%	2.64%	2.64%	2.64%	2.64%
Median Implied Enterprise Value	$ 6,621.26	$ 6,544.24	$ 7,105.78	$ 7,218.25	$ 7,317.14	$ 7,440.04	$ 7,868.42
Adjusted Net debt	$ 1,018.41	$ 996.87	$ 980.67	$ 965.49	$ 933.33	$ 885.95	$ 855.08
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 5,602.84	$ 5,547.37	$ 6,125.11	$ 6,252.77	$ 6,383.80	$ 6,554.09	$ 7,013.34
Median Implied Stock Price	$ 58.98	$ 58.35	$ 64.38	$ 65.67	$ 67.00	$ 68.75	$ 73.55

Company Ticker	LGF
Compnay	Lions Gate Entertainment Corp.
Date	12/4/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Movies & Entertainment (25401030)
Next earning's date	2/8/2014
Current price of Lions Gate Entertainment Corp. as of 12/04/2013	$ 31.11
Fair value of Lions Gate Entertainment Corp. as of 12/04/2013	$ 40.53
Estimated 1-year target price as of 12/04/2013	$ 45.18
1-year upside potential	45.22%
Entry price for a 1-year 20% return	$ 37.65
Entry price for a 1-year 30% return	$ 34.75

	12/4/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	-12.46%	15.00%	5.00%	-25.00%	-10.00%	18.00%	15.00%
COGS/REVENUES	52.49%	53.43%	53.27%	53.25%	53.11%	53.26%	53.22%
SG&A/REVENUES	41.96%	37.64%	38.42%	39.52%	39.39%	38.74%	39.02%
R&D/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OP. EXP./REVENUES	0.32%	0.29%	0.29%	0.30%	0.30%	0.29%	0.29%
OPERATING CURRENT ASSETS/REVENUES	148.79%	125.37%	132.76%	139.53%	136.61%	133.57%	135.62%
D&A/REVENUES	0.32%	0.29%	0.29%	0.30%	0.30%	0.29%	0.29%
OPERATING CURRENT LIABILITIES/REVENUES	43.65%	44.13%	44.10%	45.15%	44.26%	44.41%	44.48%
CAPEX/REVENUES	0.39%	0.21%	0.23%	0.27%	0.28%	0.25%	0.26%
DIV/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INT. EXP/TOTAL DEBT	1.28%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
INT. GAINS/CASH	2.21%	2.24%	2.24%	2.40%	2.27%	2.29%	2.30%
				EARNINGS			
Revenues	$ 498.73	$ 573.54	$ 602.22	$ 451.66	$ 406.50	$ 479.66	$ 551.61
COGS	$ 261.80	$ 306.46	$ 320.78	$ 240.49	$ 215.89	$ 255.49	$ 293.58
S&A	$ 209.28	$ 215.91	$ 231.36	$ 178.50	$ 160.10	$ 185.83	$ 215.22
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Operating Expenses	$ 1.61	$ 1.64	$ 1.74	$ 1.33	$ 1.21	$ 1.40	$ 1.62
Total Operating Expenses	$ 472.68	$ 524.01	$ 553.87	$ 420.32	$ 377.20	$ 442.72	$ 510.42
EBITDA	$ 27.66	$ 51.17	$ 50.08	$ 32.67	$ 30.50	$ 38.34	$ 42.82
D&A	$ 1.61	$ 1.64	$ 1.74	$ 1.33	$ 1.21	$ 1.40	$ 1.62
EBIT	$ 26.05	$ 49.53	$ 48.34	$ 31.34	$ 29.29	$ 36.94	$ 41.20
Int. expenses	$ (16.17)	$ (17.44)	$ (17.98)	$ (17.48)	$ (16.78)	$ (16.60)	$ (16.54)
Int. gains	$ 1.48	$ 1.28	$ 1.33	$ 1.41	$ 1.38	$ 1.35	$ 1.37
Other Non-Operating expenses	$ 6.50	$ 2.45	$ 2.45	$ 2.45	$ 2.45	$ 2.45	$ 2.45
EBT excluding Unsual Items	$ 17.86	$ 35.82	$ 34.14	$ 17.72	$ 16.33	$ 24.14	$ 28.48
Unusual items	$ (36.19)	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ (18.33)	$ 35.82	$ 34.14	$ 17.72	$ 16.33	$ 24.14	$ 28.48
Taxes	$ 18.83	$ (13.43)	$ (12.80)	$ (6.64)	$ (6.13)	$ (9.05)	$ (10.68)
Net Income	$ 0.51	$ 22.39	$ 21.34	$ 11.07	$ 10.21	$ 15.09	$ 17.80
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				FINANCIAL POSITION			
Cash	$ 67.21	$ 57.20	$ 59.45	$ 58.72	$ 60.64	$ 59.00	$ 59.45
Operating Current Assets	$ 742.04	$ 719.07	$ 790.52	$ 748.62	$ 711.11	$ 722.00	$ 744.07
Net Property Plant and eq.	$ 10.59	$ 10.20	$ 9.76	$ 9.86	$ 10.07	$ 9.99	$ 9.75
Intangible Assets	$ 328.19	$ 329.68	$ 329.26	$ 329.06	$ 329.05	$ 329.26	$ 329.16
Other Assets	$ 1,503.85	$ 1,515.78	$ 1,501.82	$ 1,494.96	$ 1,504.10	$ 1,504.16	$ 1,501.26
Total Assets	$ 2,651.88	$ 2,631.91	$ 2,690.81	$ 2,641.22	$ 2,614.97	$ 2,624.42	$ 2,643.69
Operating Current Liabilities	$ 217.68	$ 253.12	$ 253.48	$ 232.05	$ 229.64	$ 232.05	$ 234.77
Recurring Debt	$ 1,259.22	$ 1,259.22	$ 1,162.34	$ 1,198.08	$ 1,164.75	$ 1,118.33	$ 1,106.01
New debt (if <0, excess cash)	$ -	$ (96.87)	$ 35.73	$ (33.32)	$ (46.42)	$ (12.32)	$ (4.07)
Total Debt	$ 1,259.22	$ 1,162.34	$ 1,198.08	$ 1,164.75	$ 1,118.33	$ 1,106.01	$ 1,101.93
Total Common Equity	$ 426.05	$ 466.54	$ 497.67	$ 508.31	$ 522.87	$ 543.42	$ 565.79
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 2,651.88	$ 2,631.91	$ 2,690.81	$ 2,641.22	$ 2,614.97	$ 2,624.42	$ 2,643.69
				CASH FLOW			
NWCsp	$ 59.41	$ (17.93)	$ (46.00)	$ (10.16)	$ 4.08	$ (15.70)	$ (17.42)
CAPEX	$ (1.97)	$ (1.25)	$ (1.30)	$ (1.44)	$ (1.42)	$ (1.32)	$ (1.38)
Stock based compensations	$ 22.39	$ 17.79	$ 19.99	$ 19.48	$ 19.91	$ 19.29	$ 19.67
Amortization of deferred charges	$ 161.38	$ 241.44	$ 241.44	$ 241.44	$ 241.44	$ 241.44	$ 241.44
Unlevered Free Cash Flow	$ 254.85	$ 31.21	$ 4.63	$ 28.80	$ 42.10	$ 26.77	$ 28.23
Levered Free Cash Flow	$ 248.99	$ 260.95	$ 234.01	$ 258.44	$ 272.19	$ 256.99	$ 258.48
Shares Outstanding	137.92	137.92	137.92	137.92	137.92	137.92	137.92
				VALUATION			
Risk-adjusted discount rate per period	2.54%	2.55%	2.55%	2.56%	2.55%	2.55%	2.55%
Median Implied Enterprise Value	$ 5,482.66	$ 7,361.29	$ 7,465.54	$ 6,665.43	$ 6,967.43	$ 7,598.78	$ 7,642.39
Adjusted Net debt	$ 1,192.00	$ 1,105.15	$ 1,138.63	$ 1,106.03	$ 1,057.69	$ 1,047.01	$ 1,042.48
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 4,290.66	$ 6,256.15	$ 6,326.92	$ 5,559.39	$ 5,909.74	$ 6,551.77	$ 6,599.91
Median Implied Stock Price	$ 31.11	$ 45.36	$ 45.87	$ 40.31	$ 42.85	$ 47.50	$ 47.85

Company Ticker	kors
Compnay	Michael Kors Holdings Limited
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Apparel Retail (25504010)
Next earning's date	2/4/2014
Current price of Michael Kors Holdings Limited as of 12/05/2013	$ 80.76
Fair value of Michael Kors Holdings Limited as of 12/05/2013	$ 89.31
Estimated 1-year target price as of 12/05/2013	$ 103.84
1-year upside potential	28.58%
Entry price for a 1-year 20% return	$ 86.54
Entry price for a 1-year 30% return	$ 79.88

	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	15.52%	16.11%	-8.57%	2.46%	14.73%	14.41%	-9.47%
COGS/REVENUES	39.23%	39.34%	39.23%	38.95%	39.19%	39.18%	39.14%
SG&A/REVENUES	28.42%	28.49%	29.14%	28.68%	28.68%	28.75%	28.81%
R&D/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OP. EXP./REVENUES	2.44%	2.41%	2.47%	2.45%	2.44%	2.45%	2.45%
OPERATING CURRENT ASSETS/REVENUES	98.22%	87.50%	88.93%	89.53%	91.05%	89.25%	89.69%
D&A/REVENUES	2.44%	2.41%	2.47%	2.45%	2.44%	2.45%	2.45%
OPERATING CURRENT LIABILITIES/REVENUES	29.47%	29.97%	29.90%	30.49%	29.96%	30.08%	30.11%
CAPEX/REVENUES	5.44%	5.86%	6.07%	5.64%	5.75%	5.83%	5.82%
DIV/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INT. EXP/TOTAL DEBT	0.00%	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
INT. GAINS/CASH	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
				EARNINGS			
Revenues	$ 740.30	$ 859.59	$ 785.93	$ 805.25	$ 923.88	$ 1,057.03	$ 956.95
COGS	$ 290.43	$ 338.19	$ 308.34	$ 313.68	$ 362.07	$ 414.14	$ 374.54
S&A	$ 210.36	$ 244.87	$ 229.00	$ 230.92	$ 264.96	$ 303.85	$ 275.69
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Operating Expenses	$ 18.06	$ 20.72	$ 19.43	$ 19.76	$ 22.58	$ 25.84	$ 23.48
Total Operating Expenses	$ 518.84	$ 603.78	$ 556.77	$ 564.36	$ 649.61	$ 743.84	$ 673.72
EBITDA	$ 239.52	$ 276.53	$ 248.59	$ 260.65	$ 296.85	$ 339.04	$ 306.71
D&A	$ 18.06	$ 20.72	$ 19.43	$ 19.76	$ 22.58	$ 25.84	$ 23.48
EBIT	$ 221.46	$ 255.81	$ 229.16	$ 240.89	$ 274.27	$ 313.20	$ 283.23
Int. expenses	$ (0.13)	$ -	$ -	$ -	$ -	$ -	$ -
Int. gains	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Non-Operating expenses	$ (0.02)	$ (0.57)	$ (0.57)	$ (0.57)	$ (0.57)	$ (0.57)	$ (0.57)
EBT excluding Unsual Items	$ 221.31	$ 255.24	$ 228.59	$ 240.32	$ 273.70	$ 312.62	$ 282.66
Unusual items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ 221.31	$ 255.24	$ 228.59	$ 240.32	$ 273.70	$ 312.62	$ 282.66
Taxes	$ (75.50)	$ (95.72)	$ (85.72)	$ (90.12)	$ (102.64)	$ (117.23)	$ (106.00)
Net Income	$ 145.81	$ 159.53	$ 142.87	$ 150.20	$ 171.06	$ 195.39	$ 176.66
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				FINANCIAL POSITION			
Cash	$ 618.84	$ 534.07	$ 566.14	$ 589.55	$ 577.15	$ 566.73	$ 574.90
Operating Current Assets	$ 727.10	$ 752.14	$ 645.98	$ 676.25	$ 728.53	$ 749.27	$ 731.67
Net Property Plant and eq.	$ 284.58	$ 304.35	$ 326.57	$ 347.05	$ 367.63	$ 387.22	$ 408.99
Intangible Assets	$ 50.32	$ 39.16	$ 41.25	$ 42.82	$ 43.39	$ 41.66	$ 42.28
Other Assets	$ 26.93	$ 21.78	$ 24.01	$ 24.20	$ 24.23	$ 23.56	$ 24.00
Total Assets	$ 1,707.77	$ 1,651.51	$ 1,603.97	$ 1,679.87	$ 1,740.93	$ 1,768.43	$ 1,781.83
Operating Current Liabilities	$ 218.20	$ 257.64	$ 229.98	$ 237.84	$ 250.56	$ 259.09	$ 258.90
Recurring Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New debt (if <0, excess cash)	$ -	$ (265.74)	$ (444.45)	$ (547.56)	$ (688.27)	$ (875.55)	$ (1,049.82)
Total Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Common Equity	$ 1,386.30	$ 1,574.81	$ 1,730.10	$ 1,898.68	$ 2,086.81	$ 2,295.93	$ 2,482.73
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 1,707.77	$ 1,651.51	$ 1,603.97	$ 1,679.87	$ 1,740.93	$ 1,768.43	$ 1,781.83
				CASH FLOW			
NWCsp	$ (182.99)	$ (36.98)	$ (27.89)	$ (48.75)	$ (67.23)	$ (38.62)	$ (33.02)
CAPEX	$ (40.27)	$ (40.49)	$ (41.65)	$ (40.23)	$ (43.16)	$ (45.44)	$ (45.24)
Stock based compensations	$ 7.60	$ 6.03	$ 6.19	$ 6.35	$ 6.54	$ 6.28	$ 6.34
Amortization of deferred charges	$ 0.19	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18
Unlevered Free Cash Flow	$ (68.03)	$ 109.16	$ 99.29	$ 87.68	$ 90.14	$ 143.82	$ 128.58
Levered Free Cash Flow	$ (67.93)	$ 109.34	$ 99.47	$ 87.86	$ 90.32	$ 144.00	$ 128.76
Shares Outstanding	203.85	204.18	204.32	204.51	204.68	204.81	204.90
				VALUATION			
Risk-adjusted discount rate per period	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%	4.07%
Median Implied Enterprise Value	$ 15,844.17	$ 17,243.84	$ 17,227.46	$ 18,213.45	$ 19,470.56	$ 20,345.31	$ 20,347.01
Adjusted Net debt	$ (618.84)	$ (799.81)	$ (1,010.60)	$ (1,137.11)	$ (1,265.43)	$ (1,442.28)	$ (1,624.71)
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 16,463.01	$ 18,043.65	$ 18,238.06	$ 19,350.56	$ 20,735.98	$ 21,787.60	$ 21,971.72
Median Implied Stock Price	$ 80.76	$ 88.37	$ 89.26	$ 94.62	$ 101.31	$ 106.38	$ 107.23

Company Ticker	mar
Compnay	Marriott International, Inc.
Date	12/4/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Hotels, Resorts & Cruise Lines (25301020)
Next earning's date	2/20/2014
Current price of Marriott International, Inc. as of 12/04/2013	$ 45.91
Fair value of Marriott International, Inc. as of 12/04/2013	$ 52.05
Estimated 1-year target price as of 12/04/2013	$ 59.56
1-year upside potential	31.21%
Entry price for a 1-year 20% return	$ 49.63
Entry price for a 1-year 30% return	$ 45.81

	12/4/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	-8.42%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
COGS/REVENUES	31.10%	33.00%	33.00%	33.50%	33.50%	34.00%	34.00%
SG&A/REVENUES	27.93%	29.00%	29.00%	29.00%	29.00%	29.00%	29.00%
R&D/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OP. EXP./REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING CURRENT ASSETS/REVENUES	251.17%	216.75%	225.73%	223.03%	229.17%	223.67%	225.40%
D&A/REVENUES	6.52%	6.07%	6.12%	6.10%	6.20%	6.12%	6.14%
OPERATING CURRENT LIABILITIES/REVENUES	396.32%	365.91%	380.27%	378.16%	380.17%	376.13%	378.68%
CAPEX/REVENUES	13.04%	13.14%	12.48%	12.65%	12.83%	12.77%	12.68%
DIV/REVENUES	-8.53%	-8.49%	-7.97%	-8.24%	-8.31%	-8.25%	-8.19%
INT. EXP/TOTAL DEBT	0.89%	1.04%	1.04%	1.04%	1.04%	1.04%	1.04%
INT. GAINS/CASH	3.47%	4.30%	3.67%	4.25%	3.92%	4.04%	3.97%
				EARNINGS			
Revenues	$ 598.00	$ 615.94	$ 634.42	$ 653.45	$ 673.05	$ 693.25	$ 714.04
COGS	$ 186.00	$ 203.26	$ 209.36	$ 218.91	$ 225.47	$ 235.70	$ 242.77
S&A	$ 167.00	$ 178.62	$ 183.98	$ 189.50	$ 195.19	$ 201.04	$ 207.07
R&D	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expenses	$ 353.00	$ 381.88	$ 393.34	$ 408.41	$ 420.66	$ 436.74	$ 449.85
EBITDA	$ 284.00	$ 271.45	$ 279.92	$ 284.87	$ 294.14	$ 298.95	$ 308.01
D&A	$ 39.00	$ 37.39	$ 38.84	$ 39.83	$ 41.75	$ 42.45	$ 43.81
EBIT	$ 245.00	$ 234.06	$ 241.08	$ 245.04	$ 252.40	$ 256.50	$ 264.20
Int. expenses	$ (28.00)	$ (32.25)	$ (31.20)	$ (30.48)	$ (29.96)	$ (28.38)	$ (27.29)
Int. gains	$ 5.00	$ 6.03	$ 5.63	$ 5.80	$ 5.63	$ 5.79	$ 5.72
Other Non-Operating expenses	$ -	$ (0.50)	$ (0.50)	$ (0.50)	$ (0.50)	$ (0.50)	$ (0.50)
EBT excluding Unsual Items	$ 222.00	$ 207.34	$ 215.00	$ 219.86	$ 227.56	$ 233.41	$ 242.13
Unusual items	$ 1.00	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ 223.00	$ 207.34	$ 215.00	$ 219.86	$ 227.56	$ 233.41	$ 242.13
Taxes	$ (63.00)	$ 4.25	$ 1.37	$ (0.45)	$ (3.34)	$ (5.53)	$ (8.80)
Net Income	$ 160.00	$ 211.59	$ 216.38	$ 219.42	$ 224.23	$ 227.88	$ 233.33
Dividends	$ (51.00)	$ (52.29)	$ (50.57)	$ (53.83)	$ (55.91)	$ (57.20)	$ (58.49)
				FINANCIAL POSITION			
Cash	$ 144.00	$ 140.25	$ 153.31	$ 136.39	$ 143.49	$ 143.36	$ 144.14
Operating Current Assets	$ 1,502.00	$ 1,335.06	$ 1,394.03	$ 1,396.90	$ 1,434.08	$ 1,422.13	$ 1,451.32
Net Property Plant and eq.	$ 1,489.00	$ 1,537.19	$ 1,576.50	$ 1,617.15	$ 1,657.11	$ 1,697.56	$ 1,736.51
Intangible Assets	$ 1,989.00	$ 1,990.50	$ 1,990.88	$ 1,990.34	$ 1,990.18	$ 1,990.47	$ 1,990.47
Other Assets	$ 1,356.00	$ 1,343.25	$ 1,344.31	$ 1,347.89	$ 1,347.86	$ 1,345.83	$ 1,346.47
Total Assets	$ 6,480.00	$ 6,346.25	$ 6,459.03	$ 6,488.67	$ 6,572.73	$ 6,599.36	$ 6,668.91
Operating Current Liabilities	$ 2,370.00	$ 2,253.81	$ 2,363.33	$ 2,364.56	$ 2,385.11	$ 2,430.12	$ 2,470.94
Recurring Debt	$ 3,156.00	$ 3,156.00	$ 3,088.94	$ 2,988.95	$ 2,919.26	$ 2,870.16	$ 2,718.51
New debt (if <0, excess cash)	$ -	$ (67.06)	$ (99.99)	$ (69.69)	$ (49.10)	$ (151.66)	$ (104.16)
Total Debt	$ 3,156.00	$ 3,088.94	$ 2,988.95	$ 2,919.26	$ 2,870.16	$ 2,718.51	$ 2,614.35
Total Common Equity	$ (1,409.00)	$ (1,344.25)	$ (1,246.45)	$ (1,152.64)	$ (1,037.90)	$ (902.72)	$ (771.25)
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 6,480.00	$ 6,346.25	$ 6,459.03	$ 6,488.67	$ 6,572.73	$ 6,599.36	$ 6,668.91
				CASH FLOW			
NWCsp	$ (253.00)	$ (62.05)	$ (24.50)	$ (24.84)	$ (76.21)	$ (26.12)	$ (28.01)
CAPEX	$ (78.00)	$ (85.58)	$ (78.15)	$ (80.48)	$ (81.71)	$ (82.89)	$ (82.76)
Stock based compensations	$ 22.00	$ 22.30	$ 22.83	$ 23.03	$ 22.54	$ 22.67	$ 22.77
Amortization of deferred charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unlevered Free Cash Flow	$ (126.88)	$ 58.35	$ 109.69	$ 110.70	$ 64.12	$ 116.41	$ 120.93
Levered Free Cash Flow	$ (144.38)	$ 34.42	$ 86.67	$ 88.02	$ 41.87	$ 95.06	$ 100.30
Shares Outstanding	300.20	300.25	300.49	300.80	301.25	301.50	301.60
				VALUATION			
Risk-adjusted discount rate per period	3.14%	3.16%	3.16%	3.16%	3.16%	3.16%	3.17%
Median Implied Enterprise Value	$ 16,794.28	$ 18,762.93	$ 19,297.67	$ 19,797.12	$ 20,311.52	$ 20,889.14	$ 21,432.03
Adjusted Net debt	$ 3,012.00	$ 2,948.69	$ 2,835.64	$ 2,782.87	$ 2,726.68	$ 2,575.15	$ 2,470.21
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 13,782.28	$ 15,814.23	$ 16,462.03	$ 17,014.25	$ 17,584.84	$ 18,313.99	$ 18,961.82
Median Implied Stock Price	$ 45.91	$ 52.67	$ 54.78	$ 56.56	$ 58.37	$ 60.74	$ 62.87

Company Ticker	nls
Compnay	Nautilus Inc.
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Leisure Products (25202010)
Next earning's date	3/4/2014
Current price of Nautilus Inc. as of 12/05/2013	$ 7.36
Fair value of Nautilus Inc. as of 12/05/2013	$ 7.92
Estimated 1-year target price as of 12/05/2013	$ 9.14
1-year upside potential	24.22%
Entry price for a 1-year 20% return	$ 7.62
Entry price for a 1-year 30% return	$ 7.03

	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	27.63%	52.55%	-7.78%	-35.65%	20.06%	52.37%	-6.24%
COGS/REVENUES	52.92%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%
SG&A/REVENUES	41.20%	41.17%	42.79%	43.53%	42.17%	42.42%	42.73%
R&D/REVENUES	2.99%	2.59%	2.77%	2.98%	2.83%	2.79%	2.84%
OTHER OP. EXP./REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING CURRENT ASSETS/REVENUES	93.39%	74.29%	74.92%	80.79%	80.85%	77.71%	78.57%
D&A/REVENUES	1.81%	1.70%	1.79%	1.90%	1.80%	1.80%	1.82%
OPERATING CURRENT LIABILITIES/REVENUES	77.21%	65.07%	64.24%	68.46%	68.74%	66.63%	67.01%
CAPEX/REVENUES	1.96%	1.89%	2.10%	2.30%	2.06%	2.09%	2.14%
DIV/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INT. EXP/TOTAL DEBT	0.00%	1.34%	1.34%	1.34%	1.34%	1.34%	1.34%
INT. GAINS/CASH	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
				EARNINGS			
Revenues	$ 46.26	$ 70.57	$ 65.08	$ 41.88	$ 50.28	$ 76.61	$ 71.83
COGS	$ 24.48	$ 36.69	$ 33.84	$ 21.78	$ 26.14	$ 39.84	$ 37.35
S&A	$ 19.06	$ 29.05	$ 27.85	$ 18.23	$ 21.20	$ 32.50	$ 30.69
R&D	$ 1.38	$ 1.82	$ 1.80	$ 1.25	$ 1.42	$ 2.14	$ 2.04
Other Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expenses	$ 44.92	$ 67.57	$ 63.49	$ 41.26	$ 48.77	$ 74.47	$ 70.08
EBITDA	$ 2.17	$ 4.19	$ 2.76	$ 1.41	$ 2.41	$ 3.51	$ 3.05
D&A	$ 0.84	$ 1.20	$ 1.17	$ 0.79	$ 0.90	$ 1.38	$ 1.31
EBIT	$ 1.34	$ 3.00	$ 1.59	$ 0.62	$ 1.51	$ 2.14	$ 1.74
Int. expenses	$ (0.01)	$ -	$ -	$ -	$ -	$ -	$ -
Int. gains	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Other Non-Operating expenses	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.02)
EBT excluding Unsual Items	$ 1.30	$ 2.98	$ 1.57	$ 0.60	$ 1.49	$ 2.12	$ 1.73
Unusual items	$ 0.18	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ 1.49	$ 2.98	$ 1.57	$ 0.60	$ 1.49	$ 2.12	$ 1.73
Taxes	$ (0.10)	$ (0.34)	$ -	$ -	$ -	$ -	$ -
Net Income	$ 1.38	$ 2.64	$ 1.57	$ 0.60	$ 1.49	$ 2.12	$ 1.73
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				FINANCIAL POSITION			
Cash	$ 27.69	$ 26.99	$ 27.93	$ 27.75	$ 27.59	$ 27.56	$ 27.71
Operating Current Assets	$ 43.20	$ 52.42	$ 40.80	$ 39.89	$ 43.39	$ 47.21	$ 45.55
Net Property Plant and eq.	$ 8.10	$ 7.87	$ 7.74	$ 7.96	$ 8.05	$ 7.80	$ 7.63
Intangible Assets	$ 15.97	$ 16.76	$ 16.55	$ 16.42	$ 16.42	$ 16.54	$ 16.48
Other Assets	$ 28.37	$ 14.67	$ 18.17	$ 22.56	$ 20.94	$ 19.09	$ 20.19
Total Assets	$ 123.33	$ 118.71	$ 111.20	$ 114.59	$ 116.40	$ 118.20	$ 117.56
Operating Current Liabilities	$ 35.71	$ 45.92	$ 36.96	$ 36.81	$ 38.56	$ 40.84	$ 41.09
Recurring Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New debt (if <0, excess cash)	$ -	$ (18.57)	$ (18.46)	$ (15.21)	$ (16.71)	$ (19.48)	$ (22.01)
Total Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Common Equity	$ 83.16	$ 85.80	$ 87.37	$ 87.97	$ 89.46	$ 91.58	$ 93.31
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 123.33	$ 118.71	$ 111.20	$ 114.59	$ 116.40	$ 118.20	$ 117.56
				CASH FLOW			
NWCsp	$ (2.68)	$ (0.76)	$ (0.68)	$ (1.15)	$ (1.40)	$ (1.10)	$ (0.49)
CAPEX	$ (0.91)	$ (0.98)	$ (1.04)	$ (1.01)	$ (0.99)	$ (1.12)	$ (1.14)
Stock based compensations	$ -	$ 0.10	$ 0.08	$ 0.04	$ 0.05	$ 0.07	$ 0.06
Amortization of deferred charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unlevered Free Cash Flow	$ (1.91)	$ 1.43	$ 0.52	$ (0.94)	$ (0.50)	$ 0.55	$ 0.83
Levered Free Cash Flow	$ (1.92)	$ 1.43	$ 0.52	$ (0.94)	$ (0.50)	$ 0.55	$ 0.83
Shares Outstanding	31.15	31.15	31.15	31.15	31.15	31.15	31.15
				VALUATION			
Risk-adjusted discount rate per period	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%
Median Implied Enterprise Value	$ 201.59	$ 213.15	$ 205.91	$ 204.41	$ 230.75	$ 247.54	$ 250.49
Adjusted Net debt	$ (27.69)	$ (45.56)	$ (46.40)	$ (42.96)	$ (44.30)	$ (47.04)	$ (49.72)
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 229.29	$ 258.71	$ 252.31	$ 247.37	$ 275.05	$ 294.59	$ 300.21
Median Implied Stock Price	$ 7.36	$ 8.30	$ 8.10	$ 7.94	$ 8.83	$ 9.46	$ 9.64

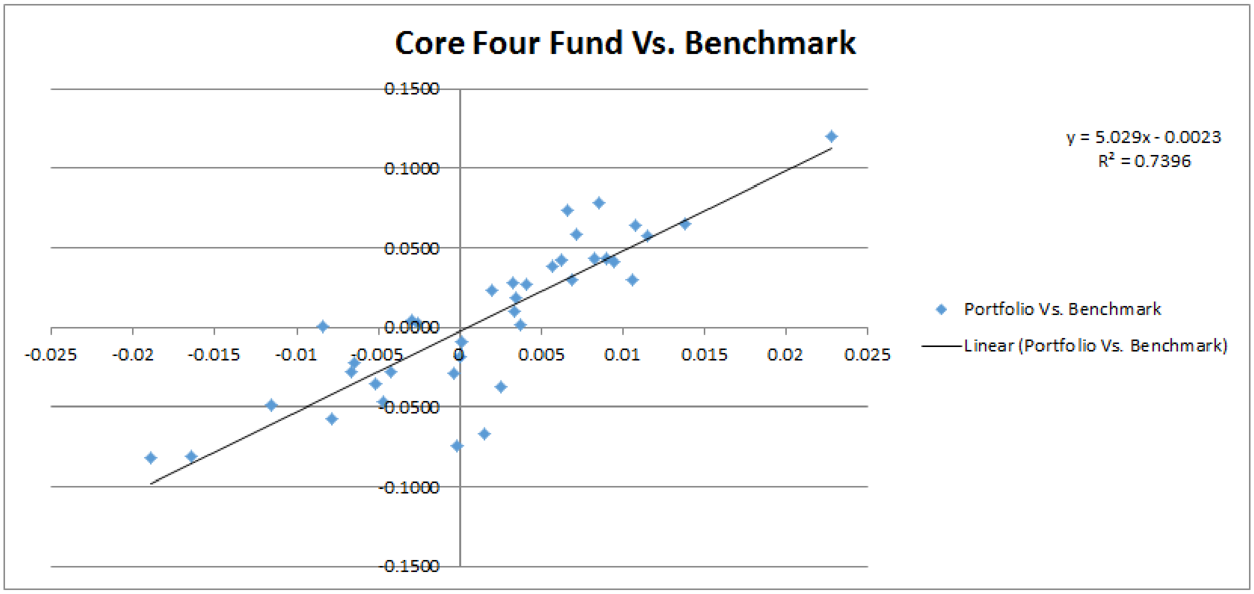
Company Ticker	sfly
Compnay	Shutterfly, Inc.
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Internet Retail (25502020)
Next earning's date	2/1/2014
Current price of Shutterfly, Inc. as of 12/05/2013	$ 48.30
Fair value of Shutterfly, Inc. as of 12/05/2013	$ 69.74
Estimated 1-year target price as of 12/05/2013	$ 81.64
1-year upside potential	69.02%
Entry price for a 1-year 20% return	$ 68.03
Entry price for a 1-year 30% return	$ 62.80

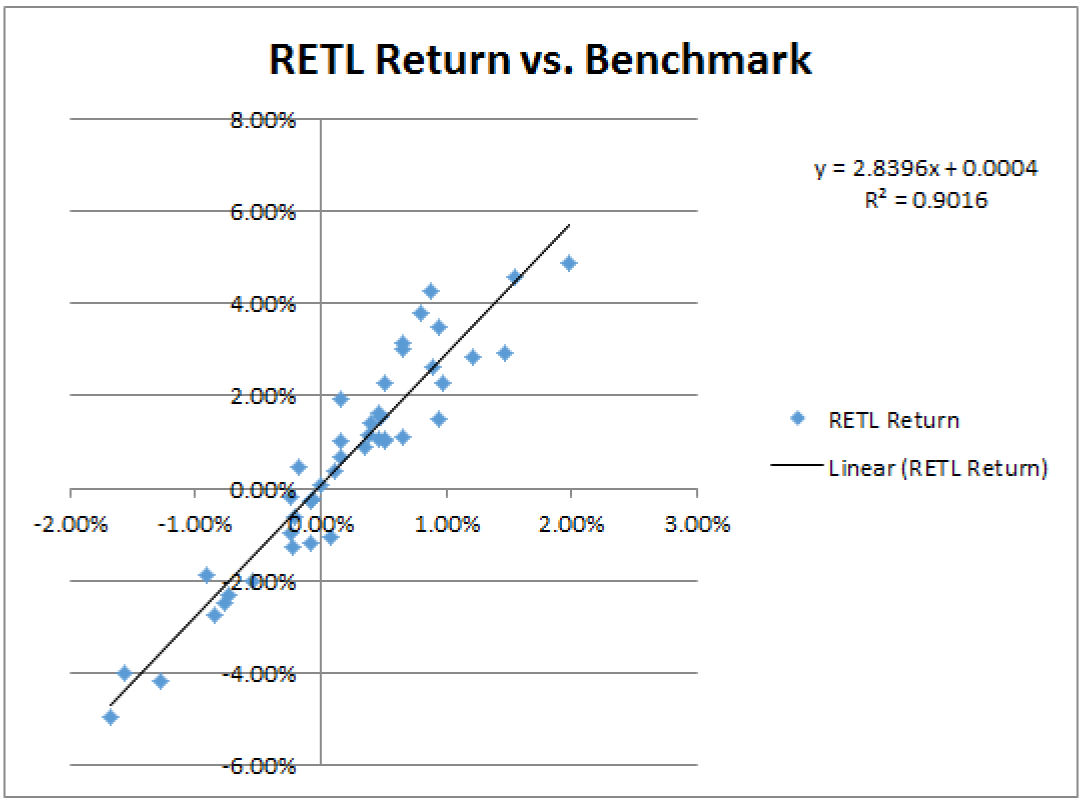
	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	-8.07%	230.36%	-65.68%	14.93%	-10.03%	223.99%	-50.00%
COGS/REVENUES	58.12%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%
SG&A/REVENUES	47.68%	48.00%	48.00%	48.00%	48.00%	48.00%	48.00%
R&D/REVENUES	22.42%	17.48%	20.08%	19.96%	19.99%	19.38%	19.85%
OTHER OP. EXP./REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING CURRENT ASSETS/REVENUES	94.21%	57.37%	68.76%	71.52%	72.96%	67.65%	70.22%
D&A/REVENUES	15.95%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
OPERATING CURRENT LIABILITIES/REVENUES	65.74%	54.36%	58.16%	59.02%	59.32%	57.71%	58.55%
CAPEX/REVENUES	17.07%	10.81%	12.55%	12.46%	13.22%	12.26%	12.62%
DIV/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INT. EXP/TOTAL DEBT	1.49%	0.58%	0.58%	0.58%	0.58%	0.58%	0.58%
INT. GAINS/CASH	0.04%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
				EARNINGS			
Revenues	$ 122.69	$ 405.30	$ 139.08	$ 159.84	$ 143.81	$ 465.94	$ 232.97
COGS	$ 71.31	$ 226.97	$ 77.88	$ 89.51	$ 80.53	$ 260.93	$ 130.46
S&A	$ 58.49	$ 194.54	$ 66.76	$ 76.72	$ 69.03	$ 223.65	$ 111.83
R&D	$ 27.51	$ 70.83	$ 27.93	$ 31.90	$ 28.74	$ 90.28	$ 46.25
Other Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expenses	$ 157.31	$ 492.34	$ 172.57	$ 198.14	$ 178.31	$ 574.86	$ 288.54
EBITDA	$ (15.05)	$ (22.19)	$ (11.24)	$ (12.72)	$ (11.48)	$ (34.37)	$ (18.29)
D&A	$ 19.57	$ 64.85	$ 22.25	$ 25.57	$ 23.01	$ 74.55	$ 37.28
EBIT	$ (34.62)	$ (87.04)	$ (33.50)	$ (38.30)	$ (34.49)	$ (108.92)	$ (55.57)
Int. expenses	$ (3.61)	$ (1.09)	$ (1.09)	$ (1.31)	$ (1.25)	$ (1.55)	$ (1.53)
Int. gains	$ 0.14	$ 0.04	$ 0.05	$ 0.07	$ 0.07	$ 0.06	$ 0.06
Other Non-Operating expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT excluding Unsual Items	$ (38.09)	$ (88.09)	$ (34.54)	$ (39.54)	$ (35.67)	$ (110.42)	$ (57.03)
Unusual items	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EBT	$ (38.09)	$ (88.09)	$ (34.54)	$ (39.54)	$ (35.67)	$ (110.42)	$ (57.03)
Taxes	$ 27.94	$ 2.45	$ 8.32	$ 10.62	$ 13.26	$ 15.64	$ 23.00
Net Income	$ (10.15)	$ (85.64)	$ (26.21)	$ (28.92)	$ (22.41)	$ (94.78)	$ (34.03)
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				FINANCIAL POSITION			
Cash	$ 335.14	$ 277.63	$ 285.77	$ 316.09	$ 303.66	$ 295.79	$ 300.33
Operating Current Assets	$ 115.58	$ 232.53	$ 119.77	$ 133.98	$ 141.36	$ 188.57	$ 149.46
Net Property Plant and eq.	$ 135.59	$ 91.94	$ 87.13	$ 79.97	$ 76.36	$ 28.53	$ 13.53
Intangible Assets	$ 499.92	$ 495.93	$ 494.30	$ 499.34	$ 497.37	$ 496.74	$ 496.94
Other Assets	$ 16.51	$ 12.43	$ 14.25	$ 14.88	$ 14.52	$ 14.02	$ 14.42
Total Assets	$ 1,102.75	$ 1,110.47	$ 1,001.21	$ 1,044.27	$ 1,033.27	$ 1,023.64	$ 974.67
Operating Current Liabilities	$ 80.65	$ 220.33	$ 114.75	$ 127.52	$ 136.98	$ 162.04	$ 140.74
Recurring Debt	$ 242.21	$ 242.21	$ 188.74	$ 189.10	$ 228.14	$ 217.23	$ 269.90
New debt (if <0, excess cash)	$ -	$ (53.47)	$ 0.36	$ 39.04	$ (10.91)	$ 52.67	$ (4.31)
Total Debt	$ 242.21	$ 188.74	$ 189.10	$ 228.14	$ 217.23	$ 269.90	$ 265.58
Total Common Equity	$ 729.68	$ 657.37	$ 651.34	$ 641.54	$ 632.24	$ 545.72	$ 521.87
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 1,102.75	$ 1,110.47	$ 1,001.21	$ 1,044.27	$ 1,033.27	$ 1,023.64	$ 974.67
				CASH FLOW			
NWCsp	$ (24.34)	$ (0.64)	$ (24.93)	$ (11.69)	$ (11.90)	$ (14.26)	$ (9.00)
CAPEX	$ (20.94)	$ (21.20)	$ (17.44)	$ (18.41)	$ (19.40)	$ (26.72)	$ (22.28)
Stock based compensations	$ 13.98	$ 12.00	$ 12.54	$ 12.79	$ 12.83	$ 12.54	$ 12.68
Amortization of deferred charges	$ 3.03	$ 3.24	$ 3.24	$ 3.24	$ 3.24	$ 3.24	$ 3.24
Unlevered Free Cash Flow	$ (37.67)	$ 0.60	$ (28.51)	$ (15.68)	$ (17.03)	$ (21.96)	$ (16.05)
Levered Free Cash Flow	$ (36.90)	$ 3.13	$ (25.98)	$ (13.30)	$ (14.62)	$ (19.74)	$ (13.81)
Shares Outstanding	38.04	38.22	38.49	38.73	38.90	39.00	39.11
				VALUATION			
Risk-adjusted discount rate per period	4.06%	4.01%	4.01%	4.01%	4.01%	4.00%	4.01%
Median Implied Enterprise Value	$ 1,744.20	$ 2,721.37	$ 2,784.23	$ 2,910.61	$ 3,061.95	$ 3,184.55	$ 3,312.11
Adjusted Net debt	$ (92.93)	$ (88.89)	$ (96.67)	$ (87.96)	$ (86.43)	$ (25.89)	$ (34.74)
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 1,837.13	$ 2,810.26	$ 2,880.89	$ 2,998.57	$ 3,148.38	$ 3,210.44	$ 3,346.86
Median Implied Stock Price	$ 48.30	$ 73.53	$ 74.85	$ 77.42	$ 80.94	$ 82.33	$ 85.56

Company Ticker	tsla
Compnay	Tesla Motors, Inc.
Date	12/5/2013
Proforma period	QUARTER
Sector	Consumer Discretionary
Industry	Automobile Manufacturers (25102010)
Next earning's date	2/15/2014
Current price of Tesla Motors, Inc. as of 12/05/2013	$ 138.95
Fair value of Tesla Motors, Inc. as of 12/05/2013	$ 173.73
Estimated 1-year target price as of 12/05/2013	$ 197.24
1-year upside potential	41.95%
Entry price for a 1-year 20% return	$ 164.37
Entry price for a 1-year 30% return	$ 151.72

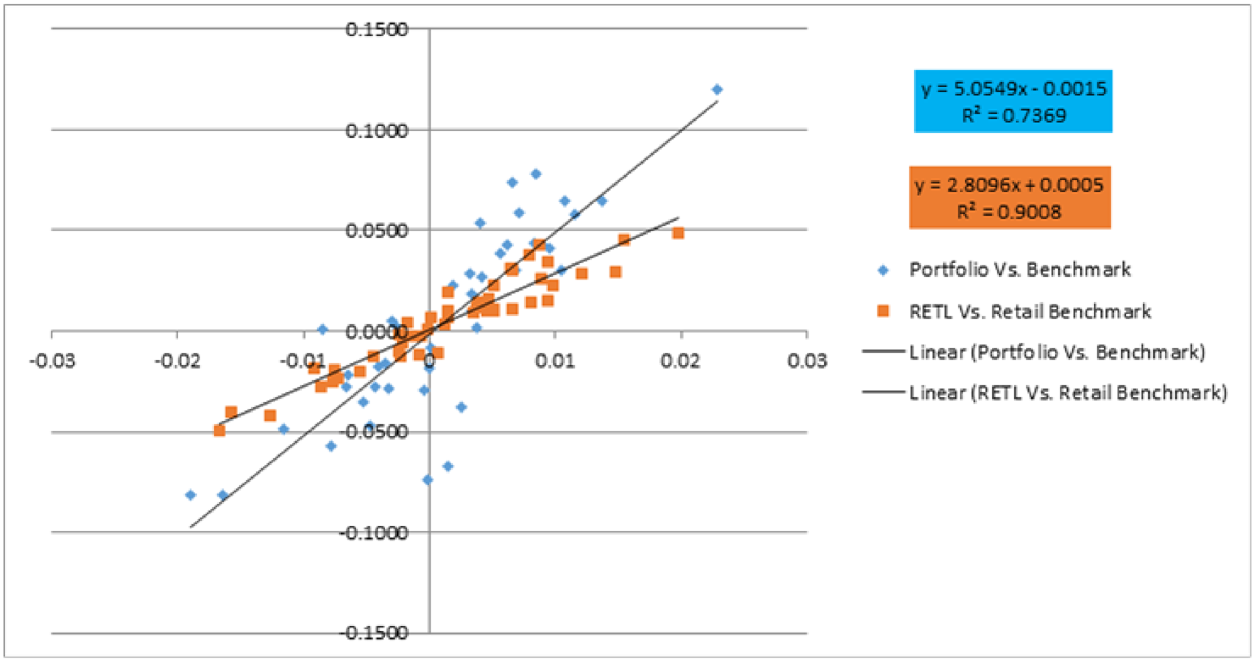
	12/5/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
				ASSUMPTIONS			
REVENUES GROWTH (QOQ)	6.47%	31.00%	12.00%	5.00%	12.00%	19.24%	-5.10%
COGS/REVENUES	76.15%	81.60%	81.00%	81.00%	81.00%	81.00%	81.00%
SG&A/REVENUES	17.87%	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
R&D/REVENUES	13.06%	14.55%	12.57%	13.28%	13.37%	13.44%	13.16%
OTHER OP. EXP./REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING CURRENT ASSETS/REVENUES	98.22%	88.43%	84.19%	91.37%	90.55%	88.64%	88.69%
D&A/REVENUES	6.60%	4.86%	5.03%	5.49%	5.49%	5.22%	5.31%
OPERATING CURRENT LIABILITIES/REVENUES	134.69%	124.17%	115.72%	123.32%	124.47%	121.92%	121.36%
CAPEX/REVENUES	17.75%	12.89%	12.73%	13.34%	14.18%	13.28%	13.38%
DIV/REVENUES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
INT. EXP/TOTAL DEBT	0.96%	1.09%	1.09%	1.09%	1.09%	1.09%	1.09%
INT. GAINS/CASH	0.01%	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%
				EARNINGS			
Revenues	$ 431.35	$ 565.06	$ 632.87	$ 664.51	$ 744.26	$ 887.44	$ 842.14
COGS	$ 328.48	$ 461.12	$ 512.63	$ 538.26	$ 602.85	$ 718.82	$ 682.13
S&A	$ 77.07	$ 90.41	$ 101.26	$ 106.32	$ 119.08	$ 141.99	$ 134.74
R&D	$ 56.35	$ 82.23	$ 79.57	$ 88.22	$ 99.48	$ 119.29	$ 110.86
Other Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expenses	$ 461.90	$ 633.76	$ 693.46	$ 732.80	$ 821.41	$ 980.10	$ 927.73
EBITDA	$ (2.10)	$ (41.25)	$ (28.77)	$ (31.80)	$ (36.28)	$ (46.37)	$ (40.91)
D&A	$ 28.45	$ 27.45	$ 31.82	$ 36.48	$ 40.88	$ 46.29	$ 44.69
EBIT	$ (30.55)	$ (68.69)	$ (60.59)	$ (68.28)	$ (77.15)	$ (92.67)	$ (85.60)
Int. expenses	$ (6.49)	$ (5.67)	$ (5.86)	$ (6.21)	$ (5.85)	$ (6.57)	$ (7.04)
Int. gains	$ 0.07	$ 0.07	$ 0.05	$ 0.06	$ 0.06	$ 0.06	$ 0.06
Other Non-Operating expenses	$ (0.74)	$ 4.71	$ 4.71	$ 4.71	$ 4.71	$ 4.71	$ 4.71
EBT excluding Unsual Items	$ (37.72)	$ (69.58)	$ (61.70)	$ (69.72)	$ (78.24)	$ (94.46)	$ (87.87)
Unusual items	$ -	$ (0.01)	$ (0.00)	$ (0.00)	$ -	$ -	$ -
EBT	$ (37.72)	$ (69.59)	$ (61.70)	$ (69.73)	$ (78.24)	$ (94.46)	$ (87.87)
Taxes	$ (0.78)	$ -	$ -	$ -	$ -	$ -	$ -
Net Income	$ (38.50)	$ (69.59)	$ (61.70)	$ (69.73)	$ (78.24)	$ (94.46)	$ (87.87)
Dividends	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				FINANCIAL POSITION			
Cash	$ 795.12	$ 489.37	$ 561.24	$ 647.95	$ 623.42	$ 580.49	$ 603.27
Operating Current Assets	$ 423.65	$ 499.70	$ 430.25	$ 468.86	$ 499.28	$ 536.94	$ 536.44
Net Property Plant and eq.	$ 923.31	$ 953.68	$ 984.50	$ 1,013.26	$ 1,045.93	$ 1,075.06	$ 1,108.28
Intangible Assets	$ 13.84	$ 14.07	$ 14.02	$ 13.99	$ 13.98	$ 14.02	$ 14.00
Other Assets	$ 10.30	$ 13.24	$ 13.34	$ 13.53	$ 12.60	$ 13.18	$ 13.16
Total Assets	$ 2,166.21	$ 1,970.07	$ 2,003.35	$ 2,157.57	$ 2,195.21	$ 2,219.68	$ 2,275.16
Operating Current Liabilities	$ 580.99	$ 701.62	$ 623.95	$ 681.50	$ 733.37	$ 780.19	$ 804.26
Recurring Debt	$ 676.90	$ 676.90	$ 517.52	$ 535.64	$ 567.01	$ 534.79	$ 599.78
New debt (if <0, excess cash)	$ -	$ (159.39)	$ 18.13	$ 31.37	$ (32.22)	$ 64.99	$ 42.99
Total Debt	$ 676.90	$ 517.52	$ 535.64	$ 567.01	$ 534.79	$ 599.78	$ 642.77
Total Common Equity	$ 564.17	$ 599.11	$ 663.71	$ 694.08	$ 704.30	$ 647.32	$ 625.59
Minority Interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liability and Equity	$ 2,166.21	$ 1,970.07	$ 2,003.35	$ 2,157.57	$ 2,195.21	$ 2,219.68	$ 2,275.16
				CASH FLOW			
NWCsp	$ 59.97	$ 13.80	$ 0.38	$ 4.54	$ 20.03	$ 9.58	$ 11.82
CAPEX	$ (76.55)	$ (57.82)	$ (62.63)	$ (65.24)	$ (73.55)	$ (75.43)	$ (77.91)
Stock based compensations	$ 21.44	$ 17.50	$ 18.27	$ 19.11	$ 19.08	$ 18.49	$ 18.74
Amortization of deferred charges	$ 3.76	$ 2.73	$ 2.73	$ 2.73	$ 2.73	$ 2.73	$ 2.73
Unlevered Free Cash Flow	$ 14.22	$ (42.02)	$ (50.04)	$ (47.78)	$ (41.79)	$ (58.98)	$ (56.16)
Levered Free Cash Flow	$ 13.92	$ (42.88)	$ (51.01)	$ (48.97)	$ (42.76)	$ (60.40)	$ (57.87)
Shares Outstanding	122.59	123.19	123.88	124.41	124.87	125.05	125.37
				VALUATION			
Risk-adjusted discount rate per period	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%	3.32%
Median Implied Enterprise Value	$ 16,916.22	$ 21,769.53	$ 22,542.70	$ 23,351.18	$ 24,184.84	$ 25,040.85	$ 25,942.00
Adjusted Net debt	$ (118.21)	$ 28.15	$ (25.60)	$ (80.93)	$ (88.63)	$ 19.29	$ 39.49
Minority interest and Pref. Equity	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Median Implied Market Capitalization	$ 17,034.44	$ 21,741.38	$ 22,568.30	$ 23,432.11	$ 24,273.47	$ 25,021.57	$ 25,902.51
Median Implied Stock Price	**$ 138.95**	**$ 176.49**	**$ 182.18**	**$ 188.34**	**$ 194.40**	**$ 200.09**	**$ 206.60**

APPENDIX D: CORE FOUR BETA PERFORMANCE, RETL BETA PERFORMANCE, AND COMPARISON





APPENDIX E: CORE FOUR BETA PERFORMANCE, RETL BETA PERFORMANCE, AND COMPARISON



APPENDIX F: DAILY BETA DEVIATIONS

Date	Core Four Beta - Daily	RETL Beta - Daily
	Desired Beta - 5	Desired Beta - 3
9/24/2013	-9.8449	45.4695
9/25/2013	8.6471	2.6152
9/26/2013	13.0493	1.7337
9/27/2013	4.2731	1.5783
9/30/2013	4.5823	2.7939
10/1/2013	4.3408	1.6031
10/2/2013	499.7387	12.6087
10/3/2013	7.2838	3.2087
10/4/2013	9.1535	2.5272
10/7/2013	4.2353	2.5544
10/8/2013	4.9331	3.2861
10/9/2013	84.1949	0.8188
10/10/2013	5.2757	2.4493
10/11/2013	11.0869	3.4761
10/14/2013	8.7763	3.0619
10/15/2013	-0.0863	2.0561
10/16/2013	2.8775	1.9749
10/17/2013	5.2720	4.5470
10/18/2013	4.7714	1.6772
10/21/2013	-14.6226	3.4310
10/22/2013	4.3793	4.8231
10/23/2013	6.8293	4.0271
10/24/2013	6.7784	2.9321
10/25/2013	11.8287	2.3461
10/28/2013	-1027.7485	3.1561
10/29/2013	6.8465	3.6762
10/30/2013	9.8999	-2.6260
10/31/2013	-0.9864	-7.4626
11/1/2013	0.4919	5.7151
11/4/2013	8.2056	2.2741
11/5/2013	-1.6239	6.7829
11/6/2013	-43.9809	-14.6654
11/7/2013	4.3107	2.9769
11/8/2013	4.7026	2.3263
11/11/2013	2.9138	4.8572
11/12/2013	-84.0766	16.2551
11/13/2013	5.0202	2.9317
11/14/2013	6.5930	4.7444
11/15/2013	5.3955	2.0903
11/18/2013	4.2095	3.2123
11/19/2013	3.4212	2.9290
11/20/2013	6.6531	3.1740
11/21/2013	5.9830	4.4583
11/22/2013	4.2371	3.0099
11/25/2013	1.0314	2.0440
11/26/2013	2.4519	3.2777
11/27/2013	4.1533	3.5462
11/29/2013	80.5206	4.2390
12/2/2013	8.3055	3.6477
St. Dev.	**166.3778745**	**7.296235795**

APPENDIX G: PORTFOLIO PERFORMANCE

	Total Portfolio	Benchmark
Return Arthmatic	195.60%	52.45%
StDev	85.24%	14.49%
Sharpe	2.2794	3.5282
Treynor	0.4220	0.5113
Jensen	-1.6332	0
IR	-12.8967	N/A
Alpha	-0.004474573	0
Beta	4.603728857	1
SMB	2.332842322	0
HML	2.020146956	0
Mrk Timing	48.65828023	0
R Squared	2.020146956	
Stand Error	0.021405859	

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CASE STUDY: IMAGINE BEING IN THE TWELVE PERCENT

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ABSTRACT

This case is based on interviews conducted with employees from various departments at a bank in the Northeast. It captures the opinions of the employees about the "Imagine" concept the new president of the bank recently implemented. The case provides a positive perspective on organizational behavior by presenting the actual usage of organizational behavior theories to create an exceptional workplace with an engaged workforce.

CASE

As a college student I have had less than glamorous jobs. I have had the unprofessional supervisor, some interesting coworkers, and worked for organizations that showed no concern for their employees. Walking into the orientation for my new job at a small bank of 280 employees located in the Northeast, I was handed the lyrics to John Lennon's "Imagine." I was told that the song, the idea of the new president, was part of the movement to create a "world class working environment." Surprised? I was. Skeptical? I was that too. My first thought was that this is a business with educated, professional people. Did he really think the lofty words of a 70's song will make a difference? I write this case after conducting independent interviews with employees from various departments in the organization. I wanted to find out the actual influence of this untraditional practice. It sounded good, but was it too good to be true? After working at lousy organizations and analyzing cases filled with organizational problems I was wary. Could this be an organization that was doing things right? You decide.

Imagine was presented as a philosophy or culture. The new president unveiled the *Imagine* concept a year ago when he joined the bank. When he arrived, the president held what employees refer to as the "Something Special" meetings to introduce him and share his ideas with everyone. Each meeting consisted of approximately 20 employees and every employee was required to attend a session. With "Imagine" playing in the background and the lyrics in hand, employees were introduced to *Imagine.* One employee recalled thinking "that was like our inspiration, like imagine what we can do." Although employees admit feeling "nervous" or "hesitant" before the meetings, they were more "relaxed" and "excited" after the meetings. One employee claimed her excitement was partly from seeing the president so excited and listening to him explain his plans and ideas. The letters in *Imagine* represent the values the bank expects from its employees such as integrity and making a "world class environment." It is intended to encourage employees to commit to providing "over the top" customer service and creating a great atmosphere for employees as well as customers.

In the first "Something Special" meeting, the new president asked all employees for their ideas to improve the bank. With someone recording the ideas, employees threw out their suggestions. The meeting resulted in a list of approximately 300-400 items that employees wanted to change about the bank. To address these items, the new president created a new committee called Project Soar. The committee consists of 14 employees from the branches as well the internal departments. They attacked the list by dividing the items into those that can be done immediately, those that are not in the budget but will be addressed, and those that cannot be done because of reasons outside of their control.

Since its creation, Project Soar has addressed 30-40 items of the 300-400 it started with. The committee has reduced the number of logs tellers are required to fill. The internal offices were once referred to as "the back office," Project Soar renamed it to "The Solution Center." Project Soar also started a recognition program for the employees in the solution center. There are seven awards for each letter in *Imagine.* For example, there is an award for being "involved in creating a world class environment." Employees in the branches nominate the employees in the solution center that exhibit the *Imagine* values. The committee still continues to work on the remaining items on the list. Another committee was created to handle the bank's charitable relations.

The Making Change committee started on their goal by polling all employees to determine which charitable organizations they would like the bank to support. The most popular responses were charities involved with children, heart, and cancer. The employees' responses now guide the type of charitable organizations the company supports. The Making Change committee has done several "jeans day" where employees that make a donation to the organization being supported wear jeans to work on that day. For example, employees that donated $5 to breast cancer awareness wore jeans to work instead of the traditional dress pants. They have also done a book drive and volunteered at a Ronald McDonald's house.

Before the new president, the bank was doing well but employees admit that it has been "in a lull," and had a "sail the ship steady as it went" attitude. In the past year, the bank has added new products and updated technology in order to remain competitive. One employee described the change as "a new renaissance," another said the bank has taken on "a new momentum." The bank has added new accounts with more features and now sells stamps. Another major change employees referred to is the design of the latest branch, which is unlike the traditional bank layout. Those that have not seen the branch as yet expressed their eagerness to see it in the interviews.
When asked to describe their work environment, many responses involved the words "family," and "close-knit." One employee explained that they have morning warm ups where they would review their sales numbers and "collectively decide" how they could improve. Employees used words such as "knowledgeable," "caring," and "approachable" to describe their supervisors. One employee said they have "the buzz going around" when describing her work environment, claiming it's currently exciting.

Many of the bank's employees have been with the company for years, even decades before this change. Although she is worried about missing valuable work experience by staying with one company for so long, one employee stated that she is looking forward to utilizing the bank's offer to pay for the employees' tuition. However, when interviewed she did not have any details about the benefit. Another perk employees were looking forward to was the annual brunch the company holds. Although the brunch is on a Sunday morning, one employee remarked "I don't want to miss it," another said "it's good to have that exposure [to the other employees]" One employee stated that she was looking forward to the brunch because the new president would be there. His speeches are passionate, excited, and inspirational.

Similar to the initial meeting, the president meets with the employees in small groups every six months. He briefs the employees on the financial position of the company, sales, and plans for the future. He also asks for new ideas and updates employees on the changes that have taken place so far. These sessions are about two hours long and usually consist of an activity to familiarize the employees with each other. In the words of one employee, "you're meeting people from branches that you saw their names, but never saw their faces before so those little things matter." In between these meetings, there are weekly *Imagine* updates from the Human Resources department. These updates usually feature promotions, new hires, and farewells. Periodically, there is the *ImagiNEWs* email that discusses the progress the bank is making towards its goals. After the brunch in January, there was an update summarizing the event, congratulating the award winners, sharing photos taken, and featuring a note from the president.

Every employee has something resembling a place card at their station or office with their names, stating that they are committing to the values of *Imagine.* When asked about *Imagine*, one employee replied "Imagine is something I think I have been doing my entire career here." Other employees seem to agree but also admit that "it got everybody on the same page," and now "everyone is focused on making sure it is the world class working environment." *Imagine* was the idea of the new president. As one employee said, the president is "the driving force" behind the concept. One employee could not keep herself from talking about one without referring to the other, saying she aligns the two of them a lot.

CASE NOTES

According to Pfeffer and Veiga's Rule of One-Eighth, only about 12 percent of all organizations will do what it takes to build profits by putting their employees first. Some organizations will reject the notion that there is a connection between the way employees are treated and profits, some will not make all the necessary changes to put their employees first, and others will not stick with the changes long enough to see improvements in their bottom line. With the recent changes at Pioneer Bank, it is on its way to being in the 12 percent.

KEY TOPICS

Rule of One-Eighth, Organizational Commitment, Job Satisfaction, Psychological Empowerment

LEVEL AND PREPARATION

This case is designed for undergraduate level classes. The study of organizational behavior topics would allow a better analysis of this case.

APPROPRIATE CLASSES

This case is designed for organizational behavior courses.

CASE OVERVIEW

This case is based on interviews with employees from the various departments of a local bank in the Northeast. The bank recently acquired a new president and underwent some changes in the year he has been with the company. The new president implemented a new philosophy in the bank referred to as *Imagine*. *Imagine* aims to unite employees in their commitment to provide over the top customer services and creating a world class working environment at the bank. The case shares the employees' opinions of the changes that have taken place since *Imagine.*

DISCUSSION QUESTIONS

1. Based on organizational behavior theories, what are they doing well?
2. What problems do you anticipate?
3. In what areas do they need to improve?

ANSWERS

1. Based on organizational behavior theories, what is this company doing well?

The new president of the bank is a transformational leader. Transformational leaders tend to have followers that are more satisfied and committed. They also manage to motivate their followers to do more than they thought was possible (Bass, 2006). Aside from performing the day to day duties of a leader, the president managed to inspire other employees to commit to *Imagine* also. By explicitly stating the values of *Imagine* and having the *Imagine* awards, the president demonstrates the importance of these behaviors to the employees. In his "Something Special" meetings he manages to excite his listeners and motivate them to work towards common goals. Motivating followers to commit to common goals and empowering them to be more innovative are also characteristics of a transformational leader (Bass, 2006). The president of this bank possesses both of these characteristics.

There is also open communication within the organization. The meetings are one way the organization shares information with the employees. The president shares important information such as financials, which helps the employees understand the progress they are making and what needs to be done to achieve their goals. Employees also get the opportunity to provide feedback and ideas to upper management in these meetings giving them a voice in the organization. Effective communication is important to build employees' commitment to the organization. Employees' satisfaction with communication is especially important in building normative and affective commitment (Engin & Akgoz, 2013). Communicating and acting on suggestions made by employees also increases employees' trust in the in organization.

The organization has different ways of recognizing employees' good performance. They have the *Imagine* awards for the employees in the solution center and the sales awards for those in the branches. There is a culture of customer service in this organization. Employees are committed to providing over the top customer service which is also something they bond over, creating strong interpersonal relationships. The workplace is family oriented. The organization also promotes closer employee relationships by providing opportunities for them to get to know each other. In each "Something Special" employees have an activity that encourages conversation between them. The annual brunch also gives everyone an opportunity to socialize.

2. What problems do you anticipate?

Since *Imagine* was the idea of the president, there is some concern that without the president, the movement may not have the same power. *Imagine* and the president go hand in hand. He has been described as "the driving force" behind the philosophy. Will employees still be committed to the values of *Imagine* if he was no longer with the company? Has the new culture been embedded into the organization?

Many employees described the excitement within the organization with the recent changes. But how long will *Imagine* continue to motivate employees? The concept may lose its importance over time. The organization may need to continuously work on the *Imagine* concept or develop a new plan for when *Imagine* does not bring the same excitement and motivation to the employees. The responsibility of evolving the *Imagine* concept could be given to the employees. Being involved in creating the culture and goals of the organization will ensure the acceptance and support of the new movement.

The list generated by employees in the first meeting was an excellent idea and so was creating Project Soar to address the items on the list. However, with continuous improvement in technology, that list may quickly become outdated. There may need to be additional steps to keep the list current. The committee continues to work on the existing list but there was no mention of expanding the list.

3. In what areas do they need to improve?

The meetings every six months and the brunch allow the president to share his vision with the employees. This gives support to *Imagine.* However, between those meetings there is not much interaction between the president and the employees. *Imagine* can be strengthened by periodic branch visits by the president. This would reenergize employees and show that he is committed to making the bank atmosphere a "world class environment."
Another way to keep the momentum going is to assign a group of employees to promote *Imagine.* These employees could be representatives of different branches that are supporters of *Imagine*. Having this presence in the bank will keep the enthusiasm for *Imagine* high. These employees could see where changes need to be made, they will be there between the meetings every six months, and will be able to increase the level of support for *Imagine.*

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DOES INCLUSION IN BEST/WORST LISTS DRIVE REVENUES? EVIDENCE FROM CORPORATE PERFORMANCE AND CONSUMER REACTION

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ABSTRACT

Each year, companies are ranked on various characteristics such as their innovation, "Greenness", admirableness and other factors. These lists are then published and made available to the public in an attempt to acknowledge the greats and encourage competitors to step up as well. After receiving a high rank, companies are likely to market and promote the acknowledgement on products, website, and other outlets. Presumably, these recognitions are beneficial (or harmful if a "Worst Of" list) to a company's reputation and serve as an advertising platform complete with bragging rights. However, does recognition from these lists increase the company's bottom line? Do consumers acknowledge these lists and make decisions that drive sales and raise stock prices? Are consumers even aware of these lists? After research of four lists on three different financial metrics, it would be a difficult to argue that Best/Worst lists directly influence sales, net income and stock prices. Further, after a consumer behavior study, it was discovered that consumers are more concerned with their perceptions of companies' products and services than their accolades and list rankings. This bears the questions then of what purpose these lists serve?

INTRODUCTION

Each year, companies, investors, and consumers anticipate the release of Top Ten lists in business. These lists measure a company's growth, admiration from the public, green energy initiatives, the best of this, and the worst of that. The list makers (for instance, Fortune's *Best Companies to Work For*, Forbes' *Most Innovative Companies*) go so far as to develop some of the most complex methodologies for calculating ranks to support their conclusions. For once a company is recognized as being among the top ten), it often publishes articles about its recognition and publicizes the news on its website (unless it is a "worst of" list. Companies boast of their accomplishments, and rightfully so. One would expect then, that if a company is recognized as a "best of" it would be rewarded by its investors and customers. Sales would increase in the months and years after the acknowledgement, and stock prices would rise.

The goal of this research is to determine whether or not the publication of these lists really matters, both financially to the company and conceptually to consumers. If sales, stock prices, and net income all increase the year after publication of various lists, then list makers can feel confident knowing that their rankings make a difference in consumers' purchases and feelings about the company. Similarly, with easy access to these lists both online and in print magazines, one would think consumers are interested in the performance of their favorite brands and companies. What if, however, this was not the case? What if there was no concrete evidence that suggested this seemingly intuitive trend would occur? If there is insufficient evidence suggesting the correlation between published lists and a company's financial success or between the lists and consumer purchasing behavior, what purpose do the rankings serve? If this is the case, what is gained from being number one?

In the following sections, the lists that were analyzed will be introduced along with the research-specific financial parameters that were used to define business success. From there, changes in financial measures of sales, stock price, and net income will be used to assess the success and influence of publicized lists on a ranked company in hopes of determining whether or not the publications are strong influencers of success and motivate positive change in corporate responsibility. The second study in this paper will assess the consumer behavior aspects of this research. Using the same lists and rankings, statistical information based on a volunteer-based survey will describe the relationship between the published lists and consumer behavior. Together, these two methods will provide a better idea of what it means to be #1, and what the implications are for the company and its consumers.

STUDY I: FINANCIAL ANALYSIS OF COMPANIES FEATURED IN THE LISTS

In order to look closer at the relationships between published lists, post-recognition financials are analyzed for companies ranked on the following lists: Fortune's *Best Companies to Work For*, Forbes' *Most Innovative Companies,* Newsweek's *Greenest U.S. Companies,* and Fortune's *World's Most Admired Companies.* These lists were chosen intentionally because each suggests and promotes a qualitative aspect of a company. Quantitative lists that assess a company's size, growth, or sales, lead to more obvious financial results and require more in depth financial analysis. Secondly, these qualitative lists serve as good measures of social responsibility and have an impact on the purchasing decisions made by consumers.

To address the question of whether or not these published and highly publicized lists have a direct impact on a company's future financial success, three financial parameters were analyzed: sales, net income, and stock price. These three financial performance indicators were chosen because they answer the basic question of whether or not recognition on best of lists drives sales and income. Net income may very well be the most obvious financial measurement, as it serves as the foundation and nature of a business (Marr, 2012). The importance of net income analysis is crucial because it answers the question of whether or not a company can operate and perform its activities with money left over. Even if acknowledgment on worldwide sales drives sales, it does not necessarily mean that the company is not paying an arm and a leg to advertise that acknowledgement. The difference in net income over the years will showcase that. This is not to say that sales are a lesser financial performance indicator. In fact, one would hope that recognition on best/worst lists would impact sales, whether directly through purchases or indirectly through the advertising promoting the recognition which in turn leads to purchases. Change in sales, more importantly sales growth rate, is a factor that is assessed as a trend; companies showing consistent "top-line" growth are seen as strong companies, even if the bottom line is less impressive. If lists rankings lead to consistent revenue growth, a company is deemed that much more impressive to investors, as revenue is a key component to publicly traded stock price (Marr, 2012). Lastly, stock price index indicates a number of subsequent performance indicators. First, stock price helps indicate what level of trust investors have on a company; often times this is directly linked to the trust the consumers have in the company. Stock price also displays the company's ability to produce profit over the years and just like that we are back to our original financial performance indicator. Although basic parameters, these three financial indicators are major components in assessing the financial success of a company.

In terms of calculation and source, sales and net income figures were obtained from the listed companies' annual reports while stock prices were accessed through Yahoo's Finance database. Annual reports are available for publicly held companies only, so it is possible that there is not information available for each company ranked on a list. Changes in both sales and net income were calculated using the formula $(x_2-x_1)/x_1$, where x_2 represents the sales or net income in the year after the list's publication and x_1 represents the sales or net income of the year the list was published. In order to compare stock prices, the highest value of year one was compared to the highest value of the same quarter in year two. For example, if a company's stock price was $18 in the third quarter of year one, in order to properly compare the years, the company's highest price of the third quarter of year two would be recorded, regardless of this was the highest stock price over the year. Changes in stock prices were calculated as the difference between the two values, in dollars. The lists and companies were also assessed on a non-financial measure: their future rank on the same list. Using this metric, it is interesting to see who improved, who went down a few ranks, and who remained top dog.

In order to allow for proper analysis of trends and growths, the analyzed lists are all from either 2009 or 2010. In the case a 2009 list was not available, 2010 was used. Then, the financial figures were recorded and assessed during the year the list was released and the year directly after. Rankings were recorded up to 2012, if the list still existed. Through these measures and metrics, one is able to skim the surface to determine whether or not internationally published top ten lists have a direct impact on a company's future financial success.

FORTUNE MAGAZINE: BEST COMPANIES TO WORK FOR

Refer to Exhibit 1 for detailed figures about Fortune's Best Companies to Work For list.

It is often claimed that employee satisfaction plays an integral role in successful business. Companies often spark productive and satisfied employees through their implementation of employee benefits. Sure, there is what may be considered the bare minimum of extras, such as paid vacation, health and/or life insurance, stock options, or flexible spending accounts. The companies to note as being exemplary in employee satisfaction and that are listed in "Best Companies to Work For" go above and beyond these "givens." Companies nowadays are realizing the importance of a happy employee. Employers are adding monetary benefits such as paid sabbaticals, job sharing, and even 100% coverage of healthcare costs. Companies are going farther still to incorporate qualitative measures to go alongside the financial. These benefits include on-site fitness centers to promote healthy living, on-site child care, budgets allocated specifically for company outings and team building, compressed workweeks, and small layoff percentages. It is obvious that these bonuses increase employee morale, but how does this transfer to the company's external success - its sales, stock price, and net income?

MEASUREMENT METHODOLOGY

To qualify for Fortune's list, companies must (1) be at least seven years old and (2) employee more than 1,000 U.S citizens. The Best Companies to Work For list is based off of an extensive employee survey distributed to companies in corporate America. Partnering with the Great Place to Work Institute, the 2010 list was derived from over three hundred applicants (Levering 2010). According to Fortune, the scores are comprised of two unequally weighted parts: a Trust Index survey and a Culture Audit both conducted through the Great Place to Work Institute. The Trust Index survey, which accounts for two thirds of a company's score, is distributed to a random sample of employees from each company and asks questions pertaining to attitudes about "management's credibility, job satisfaction, and camaraderie" (Levering 2010). The other portion of the score, based off of a Culture Audit, asks employees about benefits and salaries as well as open-ended questions about communication, hiring, and diversity within the workplace.

Of the ten companies listed, half are privately held and do not make financial information available to the public (denounced in chart with "N/A" for financial data), and half are publicly held with published data. Analyzing the public companies first, (Google, DreamWorks Animations, NetApp, Qualcomm, and Camden Property Trust) each company saw an increase in sales from 2010 to 2011. Qualcomm, a wireless technology company, saw sales grow by more than 35 percent. Changes in the other parameters, net income and stock price, showed a split; four companies saw increases in net income and only three saw increases in stock price.

Fortune's 2010 list of Best Companies to Work For is as follows:

1. SAS
2. Edward Jones
3. Wegmans
4. Google
5. Nugget Market
6. DreamWorks Animation
7. NetApp
8. Boston Consulting Group
9. Qualcomm
10. Camden Property Trust

Unfortunately, these publicly held companies showed inconclusive results when comparing the data provided to their ranking on the same list in 2013. While two of the companies climbed the list (Google and NetApps), two slid down (DreamWorks and Qualcomm) and one stayed put at #10 (Camden Property Trust). Of the two that soared higher, Google saw increases on all three platforms from 2010 to 2011 and saw itself at the top of 2012 and 2013's lists. In 2011, NetApp reached its peak at #5. The following year the company fell down to #6 where it stayed for 2013's rankings. Although among the top five in 2011's Best Places to Work, NetApp saw decreasing stock prices despite its increases in net income and sales. Qualcomm, which had the highest growth in sales amongst these five companies saw a significant drop in rankings in 2011, falling form #9 to #33 and then rising to #23 in 2012. Fortunately for this tech company, it has risen the charts in 2013 and comes in at #11.

As for the privately held companies (SAS, Edward Jones, Wegmans, Nugget Market, Boston Consulting Group), all but one of the companies fell down a few spots. Boston Consulting Group (BCG) was the only private company on the 2010 list that was bumped up in 2013. In 2011, BCG made it all the way to the #2 Best Company to Work for, after including added employee benefits that it did not offer in 2010. SAS, a software company, alternated between the top three spots for all four years -- unfortunately financial data is too unavailable to analyze if there is any direct correlation here. Other private companies worth noting include Edward Jones, which fell to #8 in 2013 after being at #5 the previous year and #11 in 2011, and Nugget Market, which plummeted to #37 in 2013.

Of all ten companies listed, three are worth taking a closer look at in terms of current employees and offered benefits. Google is the reigning #1 and employs over 34,000 seemingly happy employees who enjoy 401k and stock options, as well as playing ping pong and bowling on the company's turf. Google continues to add not only recreational activities to its campus, but also increase its employee base adding hundreds or thousands jobs every year. Boston Consulting Group is the Most Improved candidate on this list – rising from #8 in 2010 to #4 in 2013. It is reported that the 2,300 current employees of BCG are offered unique benefits, including a "red zone report" to flag those workers who are putting in too many long hours, a $10,000 stipend to offer volunteer services to a nonprofit, and the opportunity for new consultants to earn a salary of up to $184,000. Perhaps a less desired acknowledgement than the other two, the Biggest Flop in the list of the Best Companies to Work for is Nugget Market, which came in at #5 in 2010 and was unseen on the top thirty in 2013. Nugget Market, Inc. employs just over 1,100 employees – just barely making the cut for Fortune's requirements. In 2010, the company employed two hundred more than it currently does, laying off 17% of employees over the years. Of the benefits offered by most other companies, Nugget Market only grants one – 100% health care coverage. Since 2010, Nugget Market saw a significant drop in its female employed population. Whereas 45% of employees were women in 2010, women only make up 4% of the Nugget Market workforce in 2013.

Results of the 2010 Fortune Best Companies List are varied across the parameters of net income, stock price, annual revenue, and future list ranking. It seems as though commonly known companies, such as Google, Wegmans, and Boston Consulting Group have capitalized on their positive publicity and continue to prosper both financially and in terms of employee satisfaction. Other companies have shown inconclusive results, suggesting that annual lists only have a strong influence if companies are willing to spend considerable capital to ensure employees have recreational activities, opportunity for advancement, and covered health care.

Overall, it is difficult to determine whether or not the publicity of Fortune's Best Companies to Work For had a significant effect on acknowledged companies because only half of the top ten disclose financial information publicly. However, it can be argued that employee satisfaction in the workplace is being recognized, and companies feel an urgency to maintain a spot on this list in an attempt to encourage and excite employees and overall increase productivity in the workplace.

BUSINESSWEEK: THE WORLD'S MOST INNOVATIVE COMPANIES

Refer to Exhibit 2 for detailed figures about Forbes' World's Most Innovative Companies.

Merriam-Webster defines innovation as the "introduction of something new" or "a new idea, method, or device" (Merriam-Webster, 2012). In a world where modern technology isn't modern enough and scientific advancements aren't advanced enough, innovation is a paramount element to a successful business. Innovation requires a look into the future - and for that reason is a difficult attribute to measure. When Businessweek set out to develop its list of the most innovative companies, it took the futuristic factor into major consideration. Surveyors and list-makers also used financial data to back up their rankings. Predictably, the top-ranking companies in terms of innovation represent industries such as software, internet-related business, medical technology, and computer services and hardware. However, there are some listed companies that are more surprising than predictable – including a cosmetics company, coffee shop chain, and a wine and spirits producer and distributor.

MEASUREMENT METHODOLOGY

To develop its list, Businessweek turned to a survey conducted by Boston Consulting Group. A twenty question poll was sent to senior executives of global companies in December of 2008. From there, BCG assessed the 2,700 anonymous responses. The questions must have been answered about another company; any company that voted for its own organization or employers was disqualified. The final rankings were based on the following: 80% of the total score was based on the survey, 10% on stock returns, and a total of 10% for three-year revenue and marginal growth.

Of Businessweek's Most Innovative Companies of 2012, the top 10 are listed below. What may come as a surprise is that since its 2011 rank, Google has moved down the list 14 spots. However, more surprising is that Apple does not show up on the list until number 26, whereas in 2011 the computer experts were strongly held at number five. Have the leaders of tomorrow been successful in increasing sales and improving their numbers on the stock market?

Businessweek's 2009 Most Innovative Companies are as follows:

1. Apple
2. Google
3. Toyota
4. Microsoft
5. Nintendo

6. IBM
7. Hewlett-Packard
8. Research In Motion
9. Nokia
10. Wal-Mart

In 2009 and 2010, innovation could not be mentioned without Apple or Google following closely after. Some would argue that this still holds true today. In fact, these two innovators maintained their ranks at #1 and #2, respectively, for Businessweek's 2010 ranks. Both tech companies saw increases in stock price and net income, while only Google saw its sales increase from 2009 to 2010. Google's highest stock price in 2009 came in at $622.87 just as the year was coming to an end while January 4 held the highest price of 2010 at $626.75 (Yahoo Finance). Throughout the year, stock prices rose and fell for the Internet search guru and hit a 2010 fourth quarter peak of $625.08, remaining nearly equal to the previous year's fourth quarter peak. Apple, on the other hand, had a much less modest increase in stock price from its 2009 fourth quarter peak to its comparable 2010 price. On December 28, 2009, Apple hit its crowning stock price of $211.61 per share. On this exact day one year later, the computer engineer raked in $325.29 per share, a 54% increase in just one year.

Net income also increased for both contenders - Apple by 31% and Google by 70%. Surprisingly, even with a drastic increase in net income, Apple's sales fell in 2010 compared to that of the previous year. The eight percent drop in sales is difficult to explain, as new versions of the iPhone were released in both 2009 and 2010 and the all new iPad selling more than 300,000 units after its first day on the shelves in April of 2010 (Harrison, 2010).

Of the 2009 Top Ten Innovative Companies, only one rose in stock price, sales, net income, and 2010 Innovative rank: IBM. IBM, an IT product and services company, has been credited for its technological advances in the computer hardware, software and even consulting services. Its innovation in software and technology has led the company to become a household name; although perhaps not as popular as Apple or Google, IBM has climbed rank on a number of different lists, including Newsweek's Greenest Companies and Fortune's Most Admired Companies. Stock prices for IBM during the second half of 2009 were in the $110-$120 range; a steady increase from its $80 price per share low in January of that year. Prices continued to generally rise throughout 2010, with a fourteen dollar increase from 2009's fourth quarter high to 2010's (Yahoo Finance). Net income for the IT company increase almost 10.5 percent, with sales increasing half that. Notably, IBM was one of only two companies on the Top Ten list to rise in rankings, climbing two spots to #4 in Businessweek's 2010 rankings.

As for the other companies on the list, 70 percent (including Apple, Google, and IBM) witnessed increased sales from 2009 to 2010, and 80 percent (including Apple, Google, and IBM) were able to raise overall net income. Surprisingly enough, the only companies with higher 2010 stock prices were the aforementioned tech gurus. Each of the other companies, including Toyota, Microsoft, Nintendo, Hewlett-Packard, Research in Motion, Nokia, and Walmart, had more successful highs in 2009 than 2010 (for the same quarter). While some stocks fell by only sixty-six cents (Nokia), others fell by over twenty dollars per share (Toyota). Microsoft, although dipping in stock prices from about $31 per share in the fourth quarter of 2009 to $28 in 2010 (Yahoo Finance), was able to extract growth in all other financial metrics, and even rise the ranks of the 2010 Businessweek Innovative list. Unfortunately for Toyota, drops came in across the board. Dropping two spots on the 2010 Innovative list to #5, the Japanese car maker also lost 7.7% of sales and over 13% of net income from 2009 to 2010.

It would be difficult to argue for the strength and significance the Businessweek 2009 Most Innovative Companies List has on acknowledged organizations knowing that the top contender for two consecutive years experienced a drop in sales. Perhaps this suggests that Apple's success in the stock market and on the shelves is more directly influenced by customers' and investors' intuitive recognition of the company's innovation, rather than a yearly list whose rankings, qualifications, and measures may fluctuate year after year.

NEWSWEEK: THE US'S GREENEST COMPANIES

Refer to Exhibit 3 for detailed figures about Newsweek's Greenest Companies.

Although the Green Movement has been around globally since transcendentalism and the 1800s and certainly before Newsweek started ranking companies, today's environmental movement is contributed greatly to Al Gore and his *Inconvenient Truth* (WebEcoist, 2008). This documentary drew attention to issues such as global warming, atmosphere depletion, and chemically-treated food. In hopes of lessening fears and leaving a smaller carbon footprint, these are the issues that inspired companies to campaign a greener strategy. Even 6-7 years after the blockbuster reached its peak in popularity, US companies are maintaining efforts to be considered green.

Unfortunately, the US is not among the global leaders in the green movement. European powers such as Germany and France have proven to leave a smaller footprint on the Earth's surface in terms of environmental depletion. Nonetheless, there are domestic companies still striving to implement environmental-friendly practices in daily business. Among the leaders in the United States include IBM and CA Technologies representing the IT and Services industry; Intel, HP, and many others as Technology Equipment manufacturers; and retailers like Staples and Office Depot.

For this particular list, it was important to look at the bottom ten companies as well; the least green among large companies in a sense. Many of the bottom Top 500 companies are also listed on Newsweek's Least Green list; an indication that being amongst the top 500 is not necessarily a positive acknowledgement. Predictably, the bottom ten of the list is comprised of companies representing the utility sector, food and beverage, and materials. Separate analyses were done for each portion of the list, but the qualifiers remained the same: stock price, sales, net income, and a test of whether or not the company rose higher on future lists.

MEASUREMENT METHODOLOGY

To begin their search and rankings, Newsweek and environmental research providers partnered to assess the largest publicly traded companies of the country. This list, developed by a panel of advisory experts, takes factors such as revenue, market capitalization, and number of employees into consideration. Together with Trucost and Sustainalytics, companies were ranked based on their "green score," which is comprised of three parameters: an environmental impact score, environmental management score, and an environment disclosure score. The environmental impact score is a "…comprehensive, quantitative, and standardized measurement of the overall environmental impact of a company's operations" (Newsweek, 2012). Although comprised of over 700 metrics, the impact score focuses on issues such as greenhouse gas emissions, water use, and disposal of solid-waste. After quantifying all measures of impact, Trucost assesses a dollar value to represent an environmental damage cost for each company. These two factors are combined to form the environmental impact component of a company's overall green score. The environmental management score reflects a company's internal efforts to minimize controllable environmental factors. Sustainalytics focused on three dimensions to develop this component – company operations, contractors and suppliers, and products and services. The last component of the overall green score, an environmental disclosure score, is derived from a collaborative score determined by both Trucost and Sustainalytics. Half of this score is determinant on the proportion of company disclosed information relative to its business operations. The other half is determined by the quality of reporting and disclosing said information.

After all three scores were summed; Newsweek, Trucost, and Sustainalytics developed the following list – which displays 25 of the 500 ranked companies. Because the list ranks the largest companies in terms of green movement success, it also suggests that companies at the bottom end of the list are doing considerably worse than their fellow large-revenue producing competitors. Unfortunately for CONSOL Energy, Peabody Energy, Allegheny Technologies, and Bunge Foods this was the case in the 2009 rankings.

Newsweek's 2009 Rankings were as follows:

1. HP
2. Dell
3. Johnson & Johnson
4. Intel
5. IBM
6. State Street
7. Nike
8. Bristol-Myers Squibb
9. Applied Material
10. Starbucks

490. Duke Energy
491. FirstEnergy
492. Southern
493. Bunge
494. American Electric Power
495. Ameren
496. CONSOL Energy
497. NA
498. Allegheny Technologies
499. NRG Energy
500. Peabody Energy

Of the United States' Top Ten Green companies of 2009, the majority saw increases in stock prices (when compared to the same quarter of the year the list was released), sales, and net income. Stock prices rose for six of these companies, five of which saw increases across the board in terms of financial benchmarks. In comparing stock prices, IBM trumped its competition in this field with an increase of $14.22 from the previous year (Yahoo Finance). Interestingly enough, IBM rose from #5 on the Green list in 2009 to #1 in 2011 and 2012, making it the only company to maintain top honors for two consecutive years throughout the four list releases. Starbucks also watched stock prices rise more than nine dollars after its Green acknowledgement, but the success on Newsweek's list was short-lived. For the following Greenest list, Starbucks fell to #33 on the rankings and to an ultimate low of #90 in 2012. Although a correlation may exist between the list's publicity and a company's increased stock prices, sales numbers, and net income, the increases in financial status do not necessarily increase a company's ranking on future Green lists. In fact, only three of the ten companies climbed the Green ranks from 2009 to 2010; this may suggest a decrease in the popularity and urgency in the Green Movement all together. In other words, although companies are increasing sales and raising net income, they are not putting forth more effort to becoming greener.

It is often said that bad publicity is still publicity and further increases an entity's public awareness. This must have been the case for the bottom ten companies of the 2009 Green list. Although only four companies saw stock prices rise from 2009 to 2010, an extraordinary nine out of ten saw sales rise the year after the list was published. However even with increased sales, only half of the bottom ten raised their net income, suggesting that expenses and cost of goods sold grew in 2010. The only company that did not increase sales, NRG Energy, also fell in stock price and net income, but was one of only two bottom tier companies to climb the ranks of the Green list.

Overall, being recognized as one of America's Greenest companies in 2009 seemed to be a boost for sales, regardless of being acknowledged as largely eco-friendly or slightly harmful to the environment. However, it also appears that with each coming year less emphasis is given on the Green Movement and companies are more likely to keep current environmental practices rather than invent new methods to climb the Green rankings.

FORTUNE MAGAZINE: THE WORLD'S MOST ADMIRED COMPANIES

Refer to Exhibit 4 for detailed figures about Fortune's World's Most Admired Companies

To be admired is one of the highest compliments and achievements one may reach. To be among the world's most admired companies surely must be the greatest accomplishment for executives and CEOs. Although the survey for the rankings is completed by these higher-ups, one would assume that if a company is named as one of thousands as the most revered, customers must be fleeting to these companies – driving sales, stock prices, and net income to reach remarkable highs.

In terms of industries on the list, the majority have a strong presence in the retail business. When first looking at the list, one may be struck by two things: (1) these are all companies that even people living under a rock have heard of, and (2) the companies rounding out the top ten are all US-based companies. To address the first point, could there be a direct correlation between marketing efforts and customer admiration? Companies at the top of the list spent a substantial amount of money on advertising, but surprisingly, this only represented a small percentage of their overall sales. Secondly, the vast amount of American companies on an American company's list may lead to some skepticism, and rightfully so. With such predominate presence in the surveying stage, it is no wonder that the top thirteen companies are American.

MEASUREMENT METHODOLOGY

In order to rank companies' admirability, Fortune first takes companies from the Fortune 1000 and Fortune 500 to make one list comprised of about 1,400 U.S. and non U.S. organizations. These rankings are based on revenue alone. From there, Fortune took almost 700 companies from 30 countries worldwide to develop a list of 57 industries. From here on out, Fortune worked with the Hay Group to distribute a survey asking top level management to rate other companies (in the same industry) on criteria varying from investment value to social responsibility. To arrive at the Top 50 Most Admired Companies, a compilation was made of companies ranked in the top 25% in 2008's survey plus the companies that finished in the top 20% of their industry. From this compilation, the respondents were asked to select the ten companies they admired most, in any industry. The final list was based on an overall score of how frequently companies were chosen as most admirable.

Fortune's 2009 Most Admired Companies are as follows:

1. Apple
2. Berkshire Hathaway
3. Toyota Motor
4. Google
5. Johnson & Johnson
6. Procter & Gamble
7. FedEx
7. Southwest Airlines

9. General Electric
10. Microsoft

Apple, the top-ranked in terms of admiration is considered to be in the Computers industry, while Google and Amazon are specifically "Internet Services and Retailing". Other top scorers represented Beverages, Food Services, Information Technology, Insurance, Apparel, Wholesale, Telecommunications, Pharmaceuticals, and approximately 45 other categories. In an analysis of Fortune's list, it would be difficult to attribute one single industry with the most success, considering that the top ten alone consist of nine different industries.

As mentioned earlier, it is no surprise that the top companies have positioned themselves as house-hold names. Rounding off the top of the list is Apple, the head honcho of electronic equipment of the early 2000s. In 2009, Apple started its second year at number one on Fortune's list of Most Admired Companies, a title it still holds today (Fortune, 2013). Although rankings remained constant and showed continuous admiration among customers, Apple's sales were not held to the same esteem. In 2009, Apple's sales were around \$49.2 Billion. In 2010, the year after the company was recognized as most admired for the second consecutive year, sales dropped to \$38.5 Billion, a drop of almost eight percent. Interestingly enough, stock prices soared from 2009 to 2010 as well as a seventy percent increase in net income. Other companies held at high regard in terms of admiration include Berkshire Hathaway, Google, Johnson & Johnson, General Electric, and Procter & Gamble. Of all ten most admired companies, eight saw increases in stock price from 2009 to the following year. Comparatively, eight companies (not necessarily the same eight) increased their bottom line during this time period. Only five companies, however, experienced sales growth since the 2009 list publication, four of which also increased net income. Perhaps most interestingly, only three of these Most Admired Companies were able to see growth in all three financial parameters: Berkshire Hathaway, Google, and FedEx. Furthermore, Google is the only one of these companies that not only improved in financial analysis, but also saw an increase in rank on the 2010 list. Taking a closer look at this top performer, Google was ranked #4 on 2009's list. Each year after that, however, Google remained steady at #2 on the list. Google also held (and still holds) the highest price per share in the stock market among the listed companies. At the time of the 2009 list publication, Google's highest price per share was \$623 in its fourth quarter. In the same quarter of the following year, Google stocks peaked at \$627 after a steady decrease from January to September (Yahoo Finance). As mentioned earlier, Google was one of only five of the top ten companies to increase its sales after Fortune created its list. Overall, Google's sales increased twenty four percent, the highest increase among any of the top ten. Both Google and Apple are also ranked on Businessweek's Most Innovative companies; Google is also amongst the Best Companies to Work For.

Unfortunately, not all of the companies were as successful as Google and Apple in terms of financial growth and improved rankings. Among these was Toyota, who saw drops across the board. Stocks fell thirteen dollars from 2009 to 2010 (Yahoo Finance), while sales fell 7.7% and net income dropped 13.7%. In the year after its #3 rank, Toyota fell to #7 the following year and then plummeted to #33 for the following two years. These declines are indefinitely contributed to a number of factors. However, if a company is listed as one of the nation's most admired in one year, why would that not drive customers to drive sales the following year?

STUDY I: FINANCIAL ANALYSIS CONCLUSIONS

These lists display a complex assortment of success stories and unfortunate business failures. Success stories, without further analysis may suggest that acknowledgement on these lists does in fact have a strong impact on a company's sales, income, and stock price. On the other hand, business failures and declines among all three categories may suggest two possibilities: (1) something seriously went wrong in the company the year after it was acknowledged and/or (2) these lists have little impact on the company's future financials. With these two possible factors it blurs the lines between "Yes – the lists have a direct effect on a company's financial success" and "No – these lists have no effect on a company's financial success." On one hand, some companies were able to experience growth among all three financial areas, yet still fall in next year's ranks. On the other hand, companies may only see growth in one element of analysis. It is for this reason, this gray shaded area between a definite relationship and no relationship, that it can be argued that yearly lists do little to foster further financial growth. Obviously, other factors come into play that effect a business's success; factors that are completely separate from these marketing efforts. At minimum, it can be stated that there is not a direct correlation between acknowledgement on these lists and future financial success. Consumers may perhaps be aware of these lists and various rankings, but does that lead directly to a purchase? If so, each company that was listed among the top ten, or even at the top, would experience an increase in sales. As seen from the analyses, this was not the case.

In parallel, intuition suggests that investors would realize the acknowledgement of these companies as among the best, and thus purchase stock. The data suggests that this too, was not the case and many companies even saw stock prices fall shortly after receiving recognition. Perhaps in order to arrive at a definitive and concrete answer to the question, further financial analysis must be provided and other elements assessed. However, on the surface, it seems as though the yearly lists published by Fortune, Forbes, Newsweek, and other sources provide little insight into the future of a company's success. Using that logic, these lists only provide information for the present market and thus provide investors and consumers little benefit than additional light reading.

STUDY II: CONSUMER ATTITUDES AND BEHAVIOR

Staying consistent with the financial analysis, the same qualitative lists (and the corresponding methodologies) were used for the consumer behavior analysis. However, this analysis focused on three lists in particular: Forbes' Most Innovative Companies, Newsweek's Greenest Companies, and Fortune's Most Admired Companies. These lists served as the basis for a self-administered, anonymous online survey that was submitted to and accepted by the NIH Office of Extramural Research. The survey was based on two scales that were slightly modified for the purpose of this research: "Brand Awareness, Attitudes, Interest, and Likelihood of Purchase" (Qualtrics) and "Five-Item Personality Inventories" (Gosling). Using a link provided by Qualtrics, respondents were chosen on a non-probability, convenience based sampling. The first part of the survey is broken up into three unique sections in order to question respondents on the innovation, greenness, and admirability of seven companies. Three or four of these companies were listed at the top of the associated list, while the remainder were found somewhere in the middle or end of the published list's rankings. The next section of the survey questions participants on the likelihood of purchasing a product or service from those same seven companies. The purpose of these questions was to gauge the connection between consumers' buying habits and their opinions of the companies. This section also includes questions regarding consumers' reactions to packages endorsing a company's recognition as a top company on any list. The final section of questions deal with psychographic and demographic measures. Using these two measures, connections were analyzed between personality, lifestyle, and opinions on company greenness, innovation and admirability. The survey is displayed as Exhibit 6.

Sample Profile: After collecting 273 diverse responses, the following demographics were collected: 43.25% of respondents were male and 56.75% were female. Of the sample, 50.40% were students, 42.06% were full time workers, with the remainder being unemployed or a part-time worker. More than half of the sample size, 58%, was between the ages of 18-24 years old. The second largest age group was 45-54 years old, accounting for 13% of the sample size. From these statistics it can be concluded that the majority of the sample represents college students. For a full chart output of the sample profile, refer to Exhibit 7.

STUDY II: DATA ANALYSIS AND FINDINGS

H1: Consumers' personal rankings of companies (innovation, greenness, admirability) match published lists' rankings.

For this hypothesis, descriptive statistics were used to determine the average score given to each company given on the survey. Values are based on the scale which ranked 1 as "Not Innovative/Green/Admirable at All" and 7 as "Very Innovative/Green/Admirable". By arranging the data in decreasing mean order, which companies, on average, are ranked as the most innovative, most green, and most admirable. Each list was conducted as a separate descriptive statistic; the details are explained below.

Innovation*:* Of the seven companies listed, Apple was ranked as the most innovative, with a mean score of 6.32. Following were Google and Microsoft with mean scores of 6.28 and 5.57, respectively. The bottom three companies were Adobe, Pepsi, and Toshiba, scoring means of 4.52, 4.32, and 4.19, respectively. When this is compared to Forbes' 2013 Most Innovative List, consumers' perceptions of innovation did not match those of the list maker. Of the companies offered in the survey, Amazon.com was the highest ranking company on the Forbes list (No. 7). Google was ranked 47th on the list, while Apple did not make an appearance until No. 79. Microsoft wasn't even included on the 2013 list. As far as the companies that respondents ranked last in terms of innovation, Pepsi was ranked 58th; nor Toshiba nor Adobe made it on the Top 100 of the 2013 list. *Refer to Exhibit 8: A1*

Green*:* The survey asked respondents to rank seven companies in terms of their greenness. The top ranking companies were Johnson & Johnson, Hershey, and Hewlett-Packard. On a scale of 1-7, where 1 represents “Not Green at All” and 7 represents “Very Green”, these three companies scored 4.39, 3.85, and 3.81, respectively. Newsweek’s rankings were topped off by Hewlett-Packard, Dell, and Johnson & Johnson. Respondents placed Tyson Foods, and Direct TV at the bottom of their rankings, matching the rankings of Newsweek’s list; Newsweek ranked DirecTV 469th on the list of 500 companies and Tyson Foods as 479th. However, whereas respondents found Nike to be closer towards the “Not Green” side of the spectrum, Newsweek ranked the company as 7th on its list. *Refer to Exhibit 8: A2*

Admirable*:* When asked to rank how admirable respondents found the seven companies to be, the results showed that Google, Apple, and Netflix were the Most Admirable, scoring 5.66, 5.56, and 5.11 on the scale respectively. Fortune Magazine’s 2010 rankings of the World’s Most Admired Companies were led by Apple, Google, and Berkshire Hathaway. Companies that respondents gave the lowest admirability score to included Sony, Lowe’s, and Southwest. On its list, Fortune ranked Sony as 38th and Lowe’s as 46th. Southwest, which scored the lowest on respondents’ rankings, was 11th on Fortune’s list. *Refer to Exhibit 8: A3*

In short, the research finds that respondents’ rankings of companies are, for the most part, similar to those of the published lists and therefore, the hypothesis fails to be rejected.

H2: Packages endorsing a company’s innovation, greenness, or admirability ranking increase consumer purchase intent.

To determine whether or not package endorsements had an effect on consumers’ intent to purchase a product, the survey asked respondents to agree or disagree with the following statement: “When a product has been endorsed as most innovative, green, or admirable, it increases my likelihood of buying”. It was found that the average score for this construct was 4.62 out of 7, meaning that consumers on average, are more likely than not influenced to purchase based on such an endorsement. Further, ANOVA was run to find any correlations between this construct and each of the demographic questions. For each of the demographic constructs, significant values are over .100 meaning that the hypothesis is rejected and that there is not a significant relationship between the demographics and the likelihood of purchasing an endorsed product. It is worthy to note, however, that the income demographic scored a significance level of 0.158, just shy of the 0.100 acceptance level. *Refer to Exhibit 8: B*

H3: Psychographics have an impact on how people perceive a company to be innovative, green, or admirable.

To test this hypothesis, a Psychographics Composite variable was developed to test against the composite variable of how innovative/green/admirable a respondent ranked the given companies.

Innovative: There is a relationship between psychographics and how consumers perceive and rank companies’ innovation. The significance level of this test is 0.001. The r-squared value is 0.127. This means that the innovative scores given by respondents are due in part to psychographics of the respondent. *Refer to Exhibit 8: C1*

Green*:* There is a relationship between psychographics and how consumers perceive and rank companies’ greenness. The significance level of this test is 0.001. However, the correlation is not strong enough to account for substantial reasoning, as the r-squared value is only 0.053. *Refer to Exhibit 8: C2*

Admirable*:* There is a relationship between psychographics and how consumers perceive and rank companies’ admirability. The significance level of this test is 0.001. The r-squared value is 0.161. This means that the innovative scores given by respondents are due in part to psychographics of the respondent. *Refer to Exhibit 8: C3*

In summary, there is a strong relationship between psychographics and how innovative/green/admirable consumers perceive a company to be. Therefore, the hypothesis fails to be rejected.

H4: Consumers are more likely to purchase/use a product if they think it is more innovative/green/admirable.

To determine if there is a significant relationship between consumers’ ranks and their likelihood to purchase/use, a composite variable for each of the three list attributes was computed, as well as a matching composite variable for the likelihood to purchase/use the company's product. The independent variable is the composite of the scores respondents gave to the constraint asking how innovative/green/admirable they thought the company was. The dependent variable is the composite of how likely respondents would be to purchase or use those companies' products or services.

***Innovation**:* After running a linear regression, there is a significant relationship between the innovation score respondents gave companies and their likelihood to purchase/use the company's product. The significant level for this test was .001, and the r-squared value was 0.396. This suggests that almost 40% of the reason consumers purchase or use an innovative product is due to their own perception of the company's innovativeness.

Refer to Exhibit 8: D1

***Green**:* After running a linear regression, there is a significant relationship between the green score respondents give companies and their likelihood to purchase/use the company's product. The significant level for this test was .001, and the r-squared value was 0.225. This suggests that 22.5% of the reason consumers purchase or use a green product is due to their own perception of the company's greenness.

Refer to Exhibit 8: D2

***Admirable**:* After running the linear regression against the admirability composite variables, there is a significant relationship between the admirable score respondents gave companies and their likelihood to purchase/use the company's product. The significant level for this test was .001, and the r-squared value was 0.420. This suggests that 42% of the reason consumers purchase or use an admirable product is due to their own perception of the company's admirability. *Refer to Exhibit 8: D3*

In summary, there is a strong relationship between consumers' perceptions of companies' innovation/greenness/admirability and their likelihood to use/purchase the company's products. Therefore, the hypothesis fails to be rejected.

H5: Demographics have an impact on the awareness of published lists.

To determine whether or not demographics have an impact on respondents' awareness of the lists, a composite demographics variable was computed and tested against the construct that asked how aware respondents were of the Most Innovative/Green/Admirable Companies lists.

***Innovative**:* There is not a significant relationship between demographics and respondents' awareness of the Most Innovative Companies list. After running the linear regression, the significance level is 0.246, falling outside of the acceptable significance parameters.

Refer to Exhibit 8: E1

***Green**:* There is not a significant relationship between demographics and respondents' awareness of the Most Green Companies list. After running the linear regression, the significance level is 0.210, falling outside of the acceptable significance parameters. *Refer to Exhibit 8: E2*

***Admirable**:* There is a significant relationship between demographics and respondents' awareness of the Most Admirable Companies list. After running the linear regression, the significance level is 0.080, meaning that it can be said with confidence that demographics have an effect on respondents' awareness of the Most Admirable Companies list. *Refer to Exhibit 8: E3*

In summary, two of the three tests showed a non-significant level of correspondence between demographics and the awareness of the Most Innovative/Green/Admirable Companies lists. Further, none of the three tests showed a strong r-squared value, denoting that only a small percentage of list awareness is explained by demographics. Therefore, the hypothesis is rejected.

STUDY II CONCLUSIONS

After looking at various results of demographics, psychographics, consumer rankings, and relationships among rankings and likelihood to use or purchase products from these companies, the research developed a better understanding of how best/worst lists affect consumer behavior. The research concludes that consumers are directly influenced to purchase products based on their own perceptions of a company's innovation, greenness, and admirability rather than a list's rankings of these attributes. In short, I conclude that published lists essentially have no direct measurable impact on the likelihood to purchase or use a company's products. This bears the idea that companies do not need to put forth much effort or resources into getting ranked on these lists. Instead, I recommend that companies invest in marketing strategies that focus on product positioning and perceptual maps that strengthen consumers' opinions of companies' innovation, greenness, admirability, and other typically ranked attributes. By conducting research concerning what attributes consumers look for most when buying particular products, organizations can essentially position their product in the minds of consumers to match needs, thus increasing sales and market share.

APPENDIX

Exhibit 1: Fortune Magazine: Best Companies to Work For

					Best Companies:		
2010	**Company**	**2010**	**2011**	**Change**	**2011**	**2012**	**2013**
#1	**SAS**	Stock Price: N/A Net Income: N/A Sales: N/A	Stock Price: N/A Net Income: N/A Sales: N/A	Stock Price: N/A Net Income: N/A Sales: N/A	#1	#3	#2
#2	**Edward Jones**	Stock Price: N/A Net Income: 2010 Not Avail. Sales: 2010 Not Avail.	Stock Price: N/A Net Income: 2011 Not Avail. Sales: 2011 Not Avail.	Stock Price: N/A Net Income: Sales:	#11	#5	#8
#3	**Wegmans**	Stock Price: N/A Net Income: Sales:	Stock Price: N/A Net Income: Sales:	Stock Price: N/A Net Income: Sales:	#3	#4	#5
#4	**Google**	Stock Price: 630.85 (Q4) Net Income: 8.51B Sales: 29.32B	Stock Price: 646.85 (Q4) Net Income: 9.74B Sales: 37.91B	Stock Price: +16.00 Net Income: +14.49% Sales: +29.28%	#4	#1	#1
#5	**Nugget Market**	Stock Price: N/A Net Income: Sales:	Stock Price: N/A Net Income: Sales:	Stock Price: N/A Net Income: Sales:	#8	#34	#37
#6	**DreamWorks**	Stock Price: $43.46 (Q1) Net Income:$170.37M Sales:$ 706.02M	Stock Price: $29.75 (Q1) Net Income: $86.80M Sales:$ 784.79M	Stock Price: -13.71 Net Income: -50.81% Sales: +11.16%	#10	#14	#12
#7	**NetApp**	Stock Price: 55.76 (Q4) net Income: 400.4M Sales: 3.93B	Stock Price: 42.86 (Q4) net Income: 673.1M Sales: 5.122B	Stock Price: -12.9 Net Income: +68.11% Sales: +30.30%	**#5**	**#6**	**#6**
#8	**Boston Consulting Group**	Stock Price: N/A Net Income: Not Avail. Sales: Not Avail.	Stock Price: N/A Net Income: Not Avail. Sales: Not Avail.	Stock Price: N/A Net Income: Not Avail Sales: Not Avail.	#2	#2	#4
#9	**Qualcomm**	Stock Price: 50.31 (Q4) net Income: 1.96 M Sales:$10.98B	Stock Price: 57.29 (Q4) net Income: 2.52M Sales: $14,957,000,000	Stock Price: +6.98 Net Income: +28.57% Sales: +36.20%	#33	#23	#11

#10	**Camden Property Trust**	Stock Price: 54.38 (Q4) net Income: 30.2M Sales: 488.4M	Stock Price: 68.37 (Q4) net Income: 56.4M Sales: 541.6M	Stock Price: +13.99 Net Income: +86.75% Sales: +10.89%	#7	#7	#10

Exhibit 2: Forbes' Most Innovative Companies

2009	Company	2010	2009	Change	2010 Rank
1	**Apple**	Stock Price: $325.29 (Q4) Sales: $39.54 B Net Income: $14.01 B	Stock Price: $211.64 (Q4) Sales: $42.91 B Net Income: $8.24 B	Stock Price: +$113.65 Sales: -7.85% Net Income: +70.02%	#1
2	**Google**	Stock Price: $625.08 (Q4) Sales: $29.32 B Net Income: $8.51 B	Stock Price: $622.87 (Q4) Sales: $23.65 B Net Income: $6.52 B	Stock Price: +$2.21 Sales: +23.97% Net Income: +30.52%	#2
3	**Toyota** *Amounts in Yen, converted to 2013 USD at XE.com	Stock Price: $74.25 (Q3) Sales: $193.05 B Net Income: $682,444	Stock Price: $87.19 (Q3) Sales: $209.14 B Net Income: $ (1.42 M)	Stock Price: -$12.94 Sales: -7.69% Net Income: -13.68%	#5
4	**Microsoft**	Stock Price: $28.30 (Q4) Sales: $62.49 B Net Income: $18.76 B	Stock Price: $31.17 (Q4) Sales: $58.44 B Net Income: $14.57 B	Stock Price: -$2.87 Sales: +6.93% Net Income: +28.76%	#3
5	**Nintendo**	Stock Price: $43.12 (Q1) Sales: $15.42 B Net Income: $2.46 B	Stock Price: $49.46 (Q1) Sales: $18.76 B Net Income: $2.85 B	Stock Price: -$6.34 Sales: -17.80% Net Income: +148.01%	#20
6	**IBM**	Stock Price: $146.79 (Q4) Sales: $99.87 B Net Income: $14.83 B	Stock Price: $132.31 (Q4) Sales: $95.76 B Net Income: $13.43 B	Stock Price: + $14.48 Sales: +4.29% Net Income: +10.42%	#4
7	**Hewlett-Packard**	Stock Price: $44.16 (Q4) Net Income: $8.76M Sales: 126.033B	Stock Price: $52.93 (Q4) Net Income: $7.66M Sales: $114.552B	Stock Price: -$8.77 Net Income: +14.36% Sales: +10.02%	#16
8	**Research In Motion** * Blackberry	Stock Price: $73.80 (Q2) Sales: $14.95 B Net Income: $2.46 B	Stock Price: $94.36 (Q2) Sales: $11.07 B Net Income: $1.89 B	Stock Price: -$20.56 Sales: +35.05% Net Income: +30.16%	#14
9	**Nokia** *converted from Euro to 2013 USD	Stock Price: $15.49 (Q2) Sales: $56.12 B Net Income: $1.78 B	Stock Price: $16.15 (Q2) Sales: $54.19 B Net Income: $343.77 M	Stock Price: -$0.66 Sales: +3.56% Net Income: +417.79%	#23
10	**Walmart**	Stock Price: $55.92 (Q1) Sales: $405.05 B Net Income: $14.34 B	Stock Price: $57.18 (Q1) Sales: $401.09 B Net Income: $13.40 B	Stock Price: -$1.26 Sales:+0.99% Net Income: +7.01%	#21

Exhibit 3: Newsweek's Greenest Companies

2009	Company	2010	2009	Change	2010	2011	2012
#1	Hewlett Packard	Stock Price: $44.16 (Q4) Net Income: $8.76M Sales: 126.033B	Stock Price: $52.93 (Q4) Net Income: $7.66M Sales: $114.552B	Stock Price: -$8.77 Net Income: +14.36% Sales: +10.02%	#2	#2	#2
#2	Dell	Stock Price: $13.74 (Q3) Net Income: $1.43M Sales: $52.90B	Stock Price: $16.92 (Q3) Net Income: $2.48M Sales: $61.10B	Stock Price: +$3.18 Net Income:-42.34% Sales: -15.48%	#1	#5	#4
#3	Johnson & Johnson	Stock Price: $64.76 Net Income: $13.33B Sales: $61.59B	Stock Price: $64.96 (Q4) Net Income: $12.27B Sales: $61.90B	Stock Price: -$0.20 Net Income: +8.71% Sales:-.50%	#4	#6	#36
#4	Intel	Stock Price: $21.91 (Q4) Net Income: $11.46B Sales: $43.62B	Stock Price: $20.67 (Q4) Net Income: $4.37B Sales: $35.13B	Stock Price: +$1.24 Net Income: +162.39% Sales: +24.2%	#5	#15	#7
#5	IBM	Stock Price: $146.79 (Q4) Net Income: $14.83B Sales: $99.87B	Stock Price: $132.57 (Q4) Net Income: $13.43B Sales: $95.76B	Stock Price: +$14.22 Net Income: +10.49% Sales: +4.29%	#3	#1	#1
#6	State Street Corp	Stock Price: $47.77 (Q4) Net Income: $1.56B Sales: $8.95B	Stock Price: $55.17 (Q4) Net Income: $(1.88B) Sales: $ 8.64B	Stock Price: - $7.40 Net Income: +182.72% Sales: +3.62%	#35	#302	#280
#7	Nike	Stock Price: $46.15 (Q4) Net Income: $1.91B Sales: $19.01B	Stock Price: $33.05 (Q4) Net Income: $1.49B Sales: $19.18B	Stock Price: -12.9 Net Income: +28.24% Sales: -0.84%	#10	#243	#175
#8	Bristol-Myers Squibb	Stock Price: $27.51 (Q4) Net Income: $6.07B Sales: $19.48B	Stock Price: $25.96 (Q4) Net Income: $5.60B Sales: $18.81B	Stock Price: +$1.55 Net Income: +8.37% Sales: +3.59%	#17	#62	#78
#9	Applied Materials	Stock Price: $14.13 (Q4) Net Income: $937.87 M Sales: $9.55 B	Stock Price: $14.00 (Q4 Net Income: $(305.3 M) Sales:$5.01 B	Stock Price: +$0.13 Net Income: +3,174.66% Sales: +90.45%	#8	#43	#47
#10	Starbucks	Stock Price: $32.93 (Q4) Net Income: $945.6 M Sales: $10.71 B	Stock Price: $23.68 (Q4) Net Income: $390.8 M Sales: $9.77 B	Stock Price: +$9.25 Net Income: +141.97% Sales: +10.89%	#33	#82	#90

2009	Company	2010	2009	Change	2010	2011	2012
490	Duke Energy	Stock Price: $ 55.59 (Q4) Net Income: $1.32 B Sales: $14.28 B	Stock Price: $53.43 (Q4) Net Income: $1.09 B Sales: $12.73 B	Stock Price: +$2.16 Net Income: +23.02% Sales: +12.10%	#486	#382	#409
491	First Energy Corp	Stock Price: $47.03 (Q1) Net Income: $760 M Sales: $13.34 B	Stock Price: $52.96 (Q1) Net Income: $990 M Sales: $12.97 B	Stock Price: -$5.93 Net Income: -23.23% Sales: +2.82%	#490	#490	#491
492	Southern Company	Stock Price: $33.65 (Q1) Net Income: $3.07 B Sales: $17.46 B	Stock Price: $37.47 (Q1) Net Income: $2.60 B Sales: $15.74 B	Stock Price: -$3.82 Net Income: +17.74% Sales: +11.15%	#494	N/A	N/A
493	Bunge	Stock Price: $55.83 (Q3) Net Income: $2.35 B* Sales: $43.95 B	Stock Price: $72.41 (Q3) Net Income: $361 M Sales: $39.60 B	Stock Price: -$16.58 Net Income: +552.08%* Sales: +16.04%	#499	#493	#482
494	American Electric Power	Stock Price: $37.70 (Q4) Net Income: $1.22 B Sales: $14.43 B	Stock Price: $35.58 (Q4) Net Income: $1.37 B Sales: $13.49 B	Stock Price: +$2.12 Net Income: -10.77% Sales: +6.95%	#495	#424	#471
495	Ameren	Stock Price: $27.69 (Q4) Net Income: $ 139 M Sales: $7.64 B	Stock Price: $34.92 (Q1) Net Income: $612 M Sales: $7.14 B	Stock Price: -$7.23 Net Income: -77.29% Sales: +7.05%	#498	#494	#485
496	CONSOL Energy	Stock Price: $48.74 (Q4) Net Income: $346.80 M Sales: $5.24 B	Stock Price: $52.87 (Q4) Net Income: $539.70 M Sales: $4.62 B	Stock Price: -$4.13 Net Income: -35.74% Sales: +13.29%	#496	#496	#494
497	Not Available						
498	Allegheny Technologies	Stock Price: $58.97 (Q4) Net Income: $78.7M Sales: $4.05 B	Stock Price: $45.73 (Q4) Net Income: $38 M Sales: $3.05 B	Stock Price: +$13.24 Net Income: +107.11% Sales: +32.79	#428	#482	#487
499	NRG Energy	Stock Price: $23.44 (Q3) Net Income: $477 M Sales: $8.85 B	Stock Price: $29.13 (Q3) Net Income: $942 M Sales: $8.95 B	Stock Price: -$5.69 Net Income: -49.36% Sales: -1.15%	#492	#474	#434
500	Peabody Energy	Stock Price: $64.21 (Q4) Net Income: $802.20 M Sales: $6.86 B	Stock Price: $47.81 (Q4) Net Income: $463.00 M Sales: $6.01 B	Stock Price: +$16.40 Net Income: +73.26% Sales: +14.11%	#500	#492	#493

*2010 Net income for Bunge is largely affected by a $2.440 Billion gain on sale of fertilizer assets. This gain is not present in any other year. Without this gain, the net income would have been drastically smaller and the net income growth equally smaller.

Exhibit 4: Fortune Magazine: The World's Most Admired Companies

2009	Company	2010	2009	Change	2010	2011	2012
1	**Apple**	Stock Price: $325.29 (Q4) Sales: $39.54 B Net Income: $14.01 B	Stock Price: $211.64 (Q4) Sales: $42.91 B Net Income: $8.24 B	Stock Price: +$113.65 Sales: -7.85% Net Income: +70.02%	#1	#1	#1
2	**Berkshire Hathaway**	Stock Price: $83.34 (Q3) Sales: $136.19 B Net Income: $12.97B	Stock Price: $70.80 (Q3) Sales: $112.49 Net Income: $8.06B	Stock Price: +$12.54 Sales: +21.07% Net Income: +60.92%	#3	#3	#7
3	**Toyota Motor** *Amounts in Yen, converted to 2013 USD at XE.com	Stock Price: $74.25 (Q3) Sales: $193.05 B Net Income: $682,444	Stock Price: $87.43 (Q3) Sales: $209.14 B Net Income: $ (1.42 M)	Stock Price: -$13.18 Sales: -7.69% Net Income: -13.68%	#7	#33	#33
4	**Google**	Stock Price: $626.77 (Q4) Sales: $29.32 M Net Income: $8.51 M	Stock Price: $622.73 (Q4) Sales: $23.65 M Net Income: $6.52 M	Stock Price: +$4.04 Sales: +23.97% Net Income: +30.52%	#2	#2	#2
5	**Johnson & Johnson**	Stock Price: $64.76 (Q4) Sales: $61.59B Net Income: $13.33 B	Stock Price: $64.96 (Q4) Sales: $61.90B Net Income: $12.27 B	Stock Price: -$0.20 Sales:-.50% Net Income: +8.71%	#4	#17	#12
6	**Procter & Gamble**	Stock Price: $65.24 (Q4) Sales: $78.94 M Net Income: $12.74 M	Stock Price: $63.19 (Q4) Sales: $76.69 M Net Income: $13.44 M	Stock Price: +$2.05 Sales: +2.93% Net Income: -5.21%	#6	#5	#9
7	**FedEx**	Stock Price: $95.21 (Q4) Sales: $34.73 B Net Income: $1.18 B	Stock Price: $91.36 (Q4) Sales: $35.50 B Net Income: $98 M	Stock Price: +$3.85 Sales: -2.17% Net Income: +20.41%	#13	#8	#6
7	**Southwest Airlines**	Stock Price: $14.26 (Q4) Sales: $12.10 B Net Income: $459 M	Stock Price: $11.45 (Q4) Sales: $10.35 B Net Income: $99 M	Stock Price: +$2.81 Sales: +16.91% Net Income: +363.64%	#12	#4	#10
9	**General Electric**	Stock Price: $18.45 (Q1) Sales: $150.21 B Net Income: $12.18 B	Stock Price: $17.07 (Q1) Sales: $155.28 B Net Income: $11.23 B	Stock Price: +$1.38 Sales: -3.27% Net Income: +8.46%	#16	#13	#15
10	**Microsoft**	Stock Price: $28.30 (Q4) Sales: $62.49 B Net Income: $18.76 B	Stock Price: $31.17 (Q4) Sales: $58.44 B Net Income: $14.57 B	Stock Price: -$2.87 Sales: +6.93% Net Income: +28.76%	#11	#9	#17

Exhibit 5: Graphic depiction of financial changes

↑	Increased from Year 1 to Year 2
↓	Decreased from Year 1 to Year 2
↔	Stayed the same from Year 1 to Year 2
N/A	Information not available

Best Companies to Work For

Companies	Stock Price	Net Income	Sales	Rank
SAS	**N/A**	**N/A**	**N/A**	↑
Edward Jones	**N/A**	**N/A**	**N/A**	↓
Wegmans	**N/A**	**N/A**	**N/A**	↔
Google	↑	↑	↑	↔
Nugget Market	**N/A**	**N/A**	**N/A**	↓
DreamWorks	↓	↓	↑	↓
NetApp	↓	↑	↑	↑
Boston Consulting Group	**N/A**	**N/A**	**N/A**	↑
Qualcomm	↑	↑	↑	↓
Camden Property Trust	↑	↑	↑	↑

Most Innovative

Companies	Stock Price	Net Income	Sales	Rank
Apple	↑	↓	↑	↔
Google	↑	↑	↑	↔
Toyota	↓	↓	↓	↓
Microsoft	↓	↑	↓	↑
Nintendo	↓	↑	↓	↓
IBM	↑	↑	↑	↑
Research in Motion	↓	↑	↓	↓
Hewlett-Packard	↓	↑	↓	↓
Nokia	↓	↑	↓	↓
Walmart	↓	↑	↑	↓

Greenest US Companies

Companies	Stock Price	Net Income	Sales	Rank
Hewlett Packard	↓	↑	↑	↓
Dell	↑	↓	↓	↑
Johnson & Johnson	↓	↑	↓	↓
Intel	↑	↑	↑	↓
IBM	↑	↑	↑	↑
State Street Corp	↓	↑	↑	↓
Nike	↓	↑	↓	↓
Bristol-Myers Squibb	↑	↑	↑	↓
Applied Materials	↑	↑	↑	↑
Starbucks	↑	↑	↑	↓
BOTTOM 10				
Duke Energy	↑	↑	↑	↑
First Energy Corp	↓	↓	↑	↑
Southern Company	↓	↑	↑	↓
Bunge	↓	↑	↑	↓
American Electric Power	↑	↓	↑	↓
Ameren	↓	↓	↑	↓
CONSOL Energy	↓	↓	↑	↔
Not Available	**N/A**	**N/A**	**N/A**	**N/A**
Allegheny Technologies	↑	↑	↑	↑
NRG Energy	↓	↓	↓	↑
Peabody Energy	↑	↑	↑	↔

World's Most Admired

Companies	Stock Price	Net Income	Sales	Rank
Apple	↑	↓	↑	↔
Berkshire Hathaway	↑	↑	↑	↓
Toyota	↓	↓	↓	↓
Google	↑	↑	↑	↑
Johnson & Johnson	↓	↓	↑	↑
Procter & Gamble	↑	↑	↓	↔
FedEx	↑	↓	↑	↓
Southwest Airlines	↑	↑	↑	↓
General Electric	↑	↓	↑	↓
Microsoft	↓	↑	↑	↓

Exhibit 6: Survey

Do Company Ratings Matter To You?

Thank you for taking our survey today! Your participation in this survey is critical to our success in our Research Method's class. The survey deals specifically with consumer opinions on company innovation, greenness, and admirability and their effect on buying decisions. Your response is completely anonymous and confidential. The total survey should only take 6-7 minutes. Thanks again!

Sincerely,

Michelle Bauer
Chad Bingo
Vincent Citro
Ena Keric
Kathryn Whalen

Q1 How innovative do you think these companies are?

	Not innovative at all						Very innovative
Microsoft	❍	❍	❍	❍	❍	❍	❍
Amazon.com	❍	❍	❍	❍	❍	❍	❍
Google	❍	❍	❍	❍	❍	❍	❍
Toshiba	❍	❍	❍	❍	❍	❍	❍
Apple	❍	❍	❍	❍	❍	❍	❍
Pepsi Co.	❍	❍	❍	❍	❍	❍	❍
Adobe	❍	❍	❍	❍	❍	❍	❍

Q2 How likely would you be to use a product or service from each of these companies?

	Not at all likely to purchase						Very likely to purchase
Microsoft	❍	❍	❍	❍	❍	❍	❍
Amazon.com	❍	❍	❍	❍	❍	❍	❍
Google	❍	❍	❍	❍	❍	❍	❍
Toshiba	❍	❍	❍	❍	❍	❍	❍
Apple	❍	❍	❍	❍	❍	❍	❍
Pepsi Co.	❍	❍	❍	❍	❍	❍	❍
Adobe	❍	❍	❍	❍	❍	❍	❍

Q3 Please respond to the following questions

	Strongly disagree						Strongly agree
I rarely consider buying a product from a non-innovative company	❍	❍	❍	❍	❍	❍	❍
High prices go hand in hand with innovation	❍	❍	❍	❍	❍	❍	❍
The more innovative a company is, the more likely I am to purchase	❍	❍	❍	❍	❍	❍	❍

their product							

Q4 How green do you think these companies are?

	Not Green at all						Very Green
Dell	❍	❍	❍	❍	❍	❍	❍
Tyson Foods	❍	❍	❍	❍	❍	❍	❍
Hewlett-Packard (HP)	❍	❍	❍	❍	❍	❍	❍
Direct TV	❍	❍	❍	❍	❍	❍	❍
Johnson and Johnson	❍	❍	❍	❍	❍	❍	❍
Nike	❍	❍	❍	❍	❍	❍	❍
Hershey	❍	❍	❍	❍	❍	❍	❍

Q5 How likely would you be to use a product or service from each of these companies?

	Definitely will not						Definitely will
Dell	❍	❍	❍	❍	❍	❍	❍
Tyson Foods	❍	❍	❍	❍	❍	❍	❍
Hewlett-Packard (HP)	❍	❍	❍	❍	❍	❍	❍
Direct TV	❍	❍	❍	❍	❍	❍	❍
Johnson and Johnson	❍	❍	❍	❍	❍	❍	❍
Nike	❍	❍	❍	❍	❍	❍	❍
Hershey	❍	❍	❍	❍	❍	❍	❍

Q6 Please respond to the following questions

	Strongly disagree						Strongly agree
If a company is not green, I try to avoid their products	❍	❍	❍	❍	❍	❍	❍
Higher prices go hand in hand with a companies "greenness"	❍	❍	❍	❍	❍	❍	❍
I am willing to pay more if I know a company is going green	❍	❍	❍	❍	❍	❍	❍

Q7 How admirable do you think these companies are?

	Not admirable at all						Very admirable
Southwest Airlines	❍	❍	❍	❍	❍	❍	❍
Google	❍	❍	❍	❍	❍	❍	❍
Lowe's	❍	❍	❍	❍	❍	❍	❍
Netflix	❍	❍	❍	❍	❍	❍	❍
Apple	❍	❍	❍	❍	❍	❍	❍
General Mills	❍	❍	❍	❍	❍	❍	❍
Sony	❍	❍	❍	❍	❍	❍	❍

Q8 How likely would you be to use a product from each of these companies?

	Definitely will not						Definitely will
Southwest Airlines	❍	❍	❍	❍	❍	❍	❍
Google	❍	❍	❍	❍	❍	❍	❍
Lowe's	❍	❍	❍	❍	❍	❍	❍
Netflix	❍	❍	❍	❍	❍	❍	❍
Apple	❍	❍	❍	❍	❍	❍	❍
General Mills	❍	❍	❍	❍	❍	❍	❍
Sony	❍	❍	❍	❍	❍	❍	❍

Q9 Please respond to the following questions

	Strongly disagree						Strongly agree
If a company is not admirable I tend to avoid their products	❍	❍	❍	❍	❍	❍	❍
Higher prices go hand in hand with a company's admirability	❍	❍	❍	❍	❍	❍	❍
I am willing to pay more if I admire a certain company	❍	❍	❍	❍	❍	❍	❍

Q10 How aware are you of the yearly best/worst lists that are published by Fortune, Forbes, Newsweek, and the like?

	Not aware at all						Very aware
Most Innovative Lists	❍	❍	❍	❍	❍	❍	❍
Most Green Lists	❍	❍	❍	❍	❍	❍	❍
Most Admirable List	❍	❍	❍	❍	❍	❍	❍

Q11 How much of an impact do ANY best/worst lists have on you when buying or shopping for

	No impact at all						Very high impact
Groceries	❍	❍	❍	❍	❍	❍	❍
Clothing	❍	❍	❍	❍	❍	❍	❍
Tech Device	❍	❍	❍	❍	❍	❍	❍
Automobile	❍	❍	❍	❍	❍	❍	❍
College (for self or child)	❍	❍	❍	❍	❍	❍	❍

Q12 When I see a product has been endorsed as most "innovative" or "green" or "admirable" on a package, it increases my likelihood of buying

❍ Strongly Disagree
❍
❍
❍
❍
❍
❍ Strongly Agree

Q13 Thank you again for taking our survey. We are extremely appreciative and rely on you for our final grade. There are only 2 QUICK sections left!

I see myself as....

Q14 Extraverted, enthusiastic

❍ Strongly disagree
❍
❍
❍
❍
❍
❍ Strongly agree

Q15 Agreeable, kind

❍ Strongly disagree
❍
❍
❍
❍
❍
❍ Strongly agree

Q16 Dependable, organized
- ❍ Strongly disagree
- ❍
- ❍
- ❍
- ❍
- ❍
- ❍ Strongly agree

Q17 Emotionally stable, calm
- ❍ Strongly disagree
- ❍
- ❍
- ❍
- ❍
- ❍
- ❍ Strongly agree

Q18 More open to experience, imaginative
- ❍ Strongly disagree
- ❍
- ❍
- ❍
- ❍
- ❍
- ❍ Strongly agree

Q Thank you for making it this far! The final section follows and is the quickest section to get through. PLEASE remember to submit the survey by hitting the arrows on the bottom right corner so we do not lose all of your responses.

Q19 Age?
- ❍ 18 to 24 years
- ❍ 25 to 34 years
- ❍ 35 to 44 years
- ❍ 45 to 54 years
- ❍ 55 +

Q20 Outside of work, how many hours do you spend on the Internet?
______ Hours

Q21 Gender?
- ❍ Male
- ❍ Female

Q22 What is the highest level of education you have completed?
- ❍ High School or GED
- ❍ 2-year College Degree
- ❍ 4-year College Degree
- ❍ Master's Degree
- ❍ Doctoral Degree
- ❍ Professional Degree (JD, MD)

Q23 Which best describes your current situation
- Unemployed
- Student
- Part-time worker
- Full-time worker

Q24 What year are you currently in school?
- Freshman
- Sophomore
- Junior
- Senior

Q25 Household Income?
- under $20,000
- $20,000 - $49,999
- $50,000 - $79,999
- $80,000 +

Exhibit 7: Sample profile of administered survey

a.) Gender and age:

	Frequency	**Percent**
Gender		
Male	**109**	**43.25%**
Female	**143**	**56.75%**
Age		
18-24	**145**	**58%**
25-34	**18**	**7%**
35-44	**28**	**11%**
45-54	**33**	**13%**
55+	**28**	**11%**

b.) Current occupation:

	Frequency	**Percent**
Current Occupation		
Unemployed	**9**	**3.57%**
Student	**217**	**50.40%**
Part-time worker	**10**	**3.97%**
Full-time worker	**106**	**40.06%**

Exhibit 8:

A1)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How innovative-Apple	267	1	7	6.32	1.224
How innovative-Google	267	1	7	6.28	1.016
How innovative-Microsoft	267	1	7	5.57	1.351
How innovative-Amazon.com	267	1	7	5.45	1.303
How innovative-Adobe	267	1	7	4.52	1.495
How innovative-Pepsi Co.	267	1	7	4.32	1.522
How innovative-Toshiba	267	1	7	4.19	1.536
Valid N (listwise)	267				

A2)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How green-Johnson and Johnson	261	1	7	4.39	1.600
How green-Hershey	261	1	7	3.85	1.510
How green-Hewlett-Packard (HP)	261	1	7	3.81	1.373
How green-Dell	261	1	7	3.74	1.482
How green-Nike	261	1	7	3.64	1.703
How green-Tyson Foods	261	1	7	3.45	1.489
How green-Direct TV	261	1	7	3.44	1.373
Valid N (listwise)	261				

A3)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How admirable-Google	253	1	7	5.66	1.412
How admirable-Apple	253	1	7	5.56	1.628
How admirable-Netflix	253	1	7	5.11	1.454
How admirable-General Mills	253	1	7	4.93	1.418
How admirable-Sony	253	1	7	4.66	1.424
How admirable-Lowe's	253	1	7	4.57	1.504
How admirable-Southwest Airlines	253	1	7	4.56	1.662

Valid N (listwise)	253				

B)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
endorsed on a package,increases buying	252	1	7	4.62	1.561
Valid N (listwise)	252				

ANOVA

endorsed on a package,increases buying AGE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.269	4	2.317	.950	.436
Within Groups	602.394	247	2.439		
Total	611.663	251			

ANOVA

endorsed on a package,increases buying GENDER

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.659	1	3.659	1.504	.221
Within Groups	608.004	250	2.432		
Total	611.663	251			

ANOVA

endorsed on a package,increases buying HRS ON INTERNET

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	35.727	14	2.552	1.050	.405
Within Groups	575.935	237	2.430		
Total	611.663	251			

ANOVA

endorsed on a package,increases buying EDUCATION LEVEL

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	16.077	4	4.019	1.667	.158
Within Groups	595.585	247	2.411		
Total	611.663	251			

ANOVA

endorsed on a package,increases buying INCOME

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.893	3	.964	.393	.758
Within Groups	608.770	248	2.455		

Total	611.663	251			

C1)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Psychographics Composite[b]	.	Enter

a. Dependent Variable: InnovativeComposite

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.356[a]	.127	.123	.82101

a. Predictors: (Constant), PsychographicsComposite

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.486	1	24.486	36.326	.000[b]
	Residual	168.513	250	.674		
	Total	192.999	251			

a. Dependent Variable: InnovativeComposite

b. Predictors: (Constant), PsychographicsComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.453	.304		11.352	.000
	PsychographicsComposite	.325	.054	.356	6.027	.000

a. Dependent Variable: InnovativeComposite

C2)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Psychographics Composite[b]	.	Enter

a. Dependent Variable: HowGreenComposite

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.230[a]	.053	.049	1.10649

a. Predictors: (Constant), PsychographicsComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.118	1	17.118	13.982	.000[b]
	Residual	306.079	250	1.224		
	Total	323.198	251			

a. Dependent Variable: HowGreenComposite

b. Predictors: (Constant), PsychographicsComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.270	.410		5.536	.000
	PsychographicsComposite	.272	.073	.230	3.739	.000

a. Dependent Variable: HowGreenComposite

C3)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Psychographics Composite[b]	.	Enter

a. Dependent Variable: AdmirableComposite

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.401[a]	.161	.158	.98077

a. Predictors: (Constant), PsychographicsComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.169	1	46.169	47.997	.000[b]
	Residual	240.479	250	.962		
	Total	286.648	251			

a. Dependent Variable: AdmirableComposite

b. Predictors: (Constant), PsychographicsComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.523	.363		6.944	.000
	PsychographicsComposite	.446	.064	.401	6.928	.000

a. Dependent Variable: AdmirableComposite

D1)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	InnovativeComposite[b]	.	Enter

a. Dependent Variable: InnovativeLiklihoodComposite

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.630[a]	.396	.394	.75176

a. Predictors: (Constant), InnovativeComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	98.345	1	98.345	174.018	.000[b]

	Residual	149.763	265	.565		
	Total	248.108	266			

a. Dependent Variable: InnovativeLiklihoodComposite

b. Predictors: (Constant), InnovativeComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.637	.279		5.869	.000
	InnovativeComposite	.693	.053	.630	13.192	.000

a. Dependent Variable: InnovativeLiklihoodComposite

D2)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	HowGreenComposite[b]	.	Enter

a. Dependent Variable: GreenLikelihoodComposite

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.474[a]	.225	.222	.98536

a. Predictors: (Constant), HowGreenComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.943	1	72.943	75.126	.000[b]
	Residual	251.472	259	.971		
	Total	324.414	260			

a. Dependent Variable: GreenLikelihoodComposite

b. Predictors: (Constant), HowGreenComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.097	.210		14.752	.000
	HowGreenComposite	.463	.053	.474	8.668	.000

a. Dependent Variable: GreenLikelihoodComposite

D3)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	AdmirableComposite[b]	.	Enter

a. Dependent Variable: AdmirableLikelihoodComposite

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648[a]	.420	.418	.77440

a. Predictors: (Constant), AdmirableComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.973	1	108.973	181.716	.000[b]
	Residual	150.522	251	.600		
	Total	259.495	252			

a. Dependent Variable: AdmirableLikelihoodComposite

b. Predictors: (Constant), AdmirableComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.557	.234		10.926	.000
	AdmirableComposite	.616	.046	.648	13.480	.000

a. Dependent Variable: AdmirableLikelihoodComposite

E1)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	DemographicsComposite[b]	.	Enter

a. Dependent Variable: How aware of lists -Most Innovative

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.073[a]	.005	.001	1.894

a. Predictors: (Constant), DemographicsComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.851	1	4.851	1.352	.246[b]
	Residual	897.085	250	3.588		
	Total	901.937	251			

a. Dependent Variable: How aware of lists -Most Innovative

b. Predictors: (Constant), DemographicsComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.263	.538		4.205	.000
	DemographicsComposite	.238	.205	.073	1.163	.246

a. Dependent Variable: How aware of lists -Most Innovative

E2)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	DemographicsComposite[b]	.	Enter

a. Dependent Variable: How aware of lists -Most Green

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.079[a]	.006	.002	1.727

a. Predictors: (Constant), DemographicsComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.714	1	4.714	1.580	.210[b]
	Residual	745.889	250	2.984		
	Total	750.603	251			

a. Dependent Variable: How aware of lists -Most Green

b. Predictors: (Constant), DemographicsComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.938	.491		3.950	.000
	DemographicsComposite	.235	.187	.079	1.257	.210

a. Dependent Variable: How aware of lists -Most Green

E3)

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	DemographicsComposite[b]	.	Enter

a. Dependent Variable: How aware of lists -Most Admirable

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.110[a]	.012	.008	1.858

a. Predictors: (Constant), DemographicsComposite

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.662	1	10.662	3.088	.080[b]
	Residual	863.084	250	3.452		
	Total	873.746	251			

a. Dependent Variable: How aware of lists -Most Admirable

b. Predictors: (Constant), DemographicsComposite

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.842	.528		3.489	.001
	DemographicsComposite	.353	.201	.110	1.757	.080

a. Dependent Variable: How aware of lists -Most Admirable

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MEDIA BINGEING: WHAT NETFLIX IS DOING TO YOU

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ABSTRACT

Progressive increases in viewing freedom due to internet media providers have given consumers more access to television. This convenience has caused many to overindulge on media stimuli. Often referred to as "media bingeing," this habit is quickly becoming a concern. We conducted a qualitative study in order to further understand motivations behind bingeing tendencies. The results propose the forming of one-sided, unconscious bonds between viewers and characters. We believe this bond is one of the main factors influencing bingeing behaviors. This study is important since it sheds light on a consumer's need to overindulge, which presents marketing opportunities and challenges.

INTRODUCTION

How many episodes of House of Cards (or Orange is the New Black) should one watch in one sitting? Media Bingeing is quickly becoming the viewing habit of choice for many television fans. Companies such as Netflix and Hulu have made fortunes on giving people the ability to watch almost any show at the touch of a button. This new access to an immense library of TV series and movies is turning addictive practices into common pleasures. Viewers are getting so immersed in their favorite shows that they can't help but watch more, all while showing intriguingly similar characteristics as substance and food abusers. What is more surprising is that the general population has little problem with binge viewing while substance and food addictions are socially unacceptable. In this research, we investigate motivations behind the drive of current consumers using a qualitative study. We provide insights on why consumers are so susceptible to this kind of stimuli and why society is apparently oblivious to the issue. This paper will share current research on the topic, our research methodology and findings, possible future research avenues, and ethical implications for companies supplying the media.

LITERATURE REVIEW

Defined as a rapid consumption of a large amount of substance in a short time period (Goldsmith 2013), bingeing is most often related to food and obesity. In fact, marketing researchers can draw upon this rich research stream as we face a paucity of research in marketing related to this rather recent phenomenon. One can easily recognize that common tendencies of internet media subscribers follow textbook symptoms and compulsions associated with those addicted to food.

Media bingers appear to be compelled to watch hours of shows and movies due to an over responsiveness to video stimuli (Vervaet 2004). Like their food counterparts, the exposure to stimuli eventually produces an emotional reliance in the human psyche. Viewers feel dependent on the stimuli to feel whole throughout their daily lives. As is evident with constant cravings to view a following episode, people become fully addicted to the happenings of a show (Lloyde 2013). These moods are intensified as people realize that their programs are a mere mouse click away at any point during the day.

Fans of television series are more susceptible to media bingeing due to the ability to follow characters and plot seamlessly from one episode to the next. Shows are so well produced and put together that viewers feel an elevated sense of existence while escaping their self-awareness (Vervaet 2004). People enter into the fantasy world they are watching and feel hollow once taken away from it. Similar to those bingeing on food, the subject's brain blocks external negative emotions while viewing creating an escape from common daily life. The feelings are a result of chemical imbalances within the brain which put the viewer in a trance like state (Ascharya 2012). Similar to the high a drug can provide, people try to recreate the feeling of happiness felt when bingeing on media. This feeling is commonly obsessed over as people find themselves thinking about a show's events during the day (Kolotkin 1987). This behavior also creates a mental reasoning that allows for continued bingeing behavior

(Vervaet 2004). Since shows are available in rapid installments without commercial or weekly breaks, there is little stopping people from viewing large strings of episodes. The show is essentially a drug that people become addicted to indulging upon.

Another reason behind the new trend of media bingeing is the apparent lack of physical side effects incurred by the viewer. Watching hours of their favorite shows seems harmless and actually condoned by the society around them (think water cooler banter!). As is with food and substance bingers, a feeling of invincibility is common while performing the action (Vervaet 2004). The apparent lack of consequences is due in part to the inability to see *immediate* changes affecting the body. Long periods of inactivity are known to lead to heart disease and obesity issues. If routine bingeing sessions take place in a person's life, these complications are put on a fast track to reality (Rollin 2013). Other mental complications include a decrease in a viewer's social skills. Although silly to think of, long term media bingeing sessions cut away drastically at the time a person interacts socially with others. These degrading skills can carry over negatively into one's job or family life (Rollin 2013).

Recent developments of internet media platforms such as Netflix and Hulu have shown a profitable market made up of media bingers. The latest attempt to capitalize on this group was made by the internet media company Netflix with their release House of Cards. This is the first documented, multi episode series designed to be viewed in one sitting (Stelter 2013). Creators eliminated the common flashbacks and recapping segments found at the beginning of following episodes. Instead, they assume that viewers are aware of the show's happenings at every point during the thirteen episode release (Stelter 2013). People who are for this style of watching say the ease of continuation allows for a more engrossing and satisfying experience (Riccio 2013). Viewers can commit to their couches and watch without the irritating inconvenience of commercials and weekly breaks between episodes (Ricco 2013). Do consumers actually realize that they are bingeing? What are some factors that may lead to media bingeing?

METHODOLOGY

To explore these research questions, we conducted a two-phased qualitative study to understand motivations for media bingeing. A total of four focus groups were conducted with thirty participants ranging in age from seventeen to seventy. Participants were selected based on their familiarity with internet based viewing platforms such as Netflix, Hulu, or Amazon Prime. Focus groups were followed by a short survey provided to some of the participants that were willing to respond. This survey further inquired participants about their viewing habits, show choices, and personal feelings about media companies.

PHASE ONE

Focus group one consisted of ten participants ranging in age from eighteen to twenty seven years old. This group was organized to represent a college and post graduate demographic. Discussion centered on the addictive natures of Netflix and touched on the platform's current formatting. When asked if they have ever planned on watching one or two episodes only to end up watching many more, almost every participant answered with a "yes." When asked individually about the reasons behind this, participants replied with "its addicting" and "you can't just watch one episode." Later questions inquired if participants felt that Netflix encourages them to watch more. Answers immediately focused on auto and post-play features followed by replies such as "they are manipulating us." Respondents were aware that these features are meant to encourage more viewing but jokingly laughed about the premise. Participants also revealed that they were "happy" once a series has concluded. A sense of closure appeared to be a motivator for subjects in this group.

The second focus group consisted of seven participants ranging in age from eighteen to forty seven. This group included two mothers and their daughters in order to get a parental opinion on the subject. Discussion centered on the teen's viewing habits, social lives, and the mother's opinions on the behavior. When asked if they have ever looked forward to viewing their programs, all of the teens said "yes." Immediately after this answer, a respondent piped up with "I'd rather watch Netflix than be social." Both mothers laughed after these responses seemingly unconcerned with the viewing habits. This focus group shared feelings of regret after realizing the amount of media they had consumed during a period. The feeling was not seen as a deterrent to participants from continuing the same viewing habits.

Focus group three consisted of eight adults ranging in age from forty to seventy. This group was combined in order to receive feedback from those working full time jobs or retired. Those working full time described their viewing habits as "a way to relax" after a long day at work. They admitted that attending to their children prevented them from watching shows for an extended period of time. Full time workers did not seem to binge on media regularly. Those that were retired exhibited viewing habits not seen in previous focus groups. They admitted to turning on Netflix and leaving the program running throughout the day, stopping to sit and watch an episode on occasion. Shows left on by this group were The Big Bang, How I Met Your Mother, and Parks and Recreation. Although they were not intently viewing for long periods, the stimulus was left on for the entire day. Their reasoning was simply that they enjoyed the extra noise in the household.

The final focus group consisted of five college students ranging in age from twenty to twenty one. Discussions focused on viewing habits during and outside of school along with their favorite shows. The most surprising results came when asked if they have ever watched a majority of a series in a single sitting. Almost every participant answered with a strong affirmative. One individual admitted that he had watched full seasons in a single day "several" times. They shared that the free time given over the summer almost forced them to watch out of shear boredom. During the school semester however, they revealed that their viewing times decreased immensely and the viewing habits differed as well. When asked if a season's conclusion brought an empty feeling, respondents shouted "absolutely" without hesitation. One individual admitted that he "wanted to cry" after the series finale of their favorite show. Respondents also revealed that their bingeing was not due to exciting cliffhangers at the end of each episode but rather the availability of the show. Simply having the option to watch the next episode made them want to continue.

PHASE TWO

Following these groups, respondents were requested to fill out a short survey to further understand their tendencies and 20 (out of 30) of them were willing to respond. Respondents were again asked if they felt that the interface of Netflix encourages them to watch more. The answer was a strong yes with 75% of the participants answering. In discussion, participants revealed that they usually plan to sit and watch a specific number of episodes when using the programs. With features such as post play and show recommendations they felt a lower level of control when using these platforms. They also admitted to watching more than planned due to the convenience and ease of the interface. Recent updates to Netflix give strong evidence for an attempt to keep users on their sofas for longer periods of time. Respondents showed that they were so interested they "couldn't help but watch more" and let the platform play another episode.

Later questions asked participants how many episodes they usually watch at a given period of time. When asked if they have ever watched a majority of a single season in one day, about one-third of the respondents (35%) answered with a "yes." The amount of episodes per TV season varies greatly, but it is safe to assume that the respondents spent at least five to six hours watching their shows at one time. This is with minimal breaks between episodes and an intention to get as far into a season as possible. Discussion focused around shows such as House of Cards, Arrested Development, Breaking Bad, One Tree Hill, Prison Break and Mad Men. Although not nearly the majority, this is still a surprising amount of people when considering how much time is devoted to their shows. A large portion of those that said yes were in the twenty to thirty five age ranges. What is also interesting is that respondents binged on shows with a variety of genres. They did not focus on thrillers or shows with heavy action as would be anticipated. This, along with discussion evidence, supports the idea that cliffhangers are not the primary reason behind the bingeing.

Respondents were eventually asked, point blank, if they had ever felt addicted to the shows they watch. After gathering results, 60% said yes. This didn't appear to be the answer during the group discussions. In the focus groups some individuals were comfortable admitting their addiction, but not nearly 60%. People appear to be uncomfortable speaking aloud about their need for media stimuli and personal viewing habits. Respondents were more than happy to share their love for a particular show but not their reasons behind viewing. Apart from answers such as "I love it" and "it's exciting" viewers didn't give a concrete answer as to why they view. In other groups, participants didn't think they could be addicted to Netflix even though they admitted to constantly thinking about an episode's event during their day. Society hasn't realized that this form of consumption can be considered an addiction. We believe that this is due to the lack of visible side effects that other forms of bingeing foster.

One of the final questions asked on the post discussion survey wondered if respondents have ever felt personally attached to a character in a show. The majority responded with a yes (65%). We felt this was a very interesting answer since participants admitted to forming relationships with fictional characters. This one sided relationship can be backed by the emotion expressed while in discussion about said characters. We feel that this one sided relationship with characters drives people to watch more in order to sustain the relationship. They are essentially watching the shows to spend time with their favorite character. This would also explain the "emptiness" felt once a series has concluded, akin to a relational break up. We plan to further investigate this motivation and its connection to media bingeing.

ETHICAL IMPLICATIONS

The push of companies to develop a market of bingers and addicts certainly presents an ethical dilemma. Recent updates to viewing programs have created "post-play" features that automatically play the next episode in a series (Chatila 2013). Viewers don't have to physically move to switch to another episode. Content providers appear to be encouraging people to binge unhealthily in return for increased revenues. Again, this is not perceived to be negative in society's eyes. Although media companies are purposely creating shows that form addictive habits in their viewers, few people seem to see a problem with it. Popular press articles largely encourage viewers to binge with promises of a better viewing experience (Riccio 2013). An easier understanding of characters, ability to find small plot developments and a more in depth analysis of show events are all reasons suggested in these articles.

What is also interesting is that companies seem to be unable to provide enough content for their users; the demand seems to have not been estimated to be this high. Due to the uncountable tastes and preferences of customers, there has yet to be too many shows on a platform such as Netflix. They are unable to overprovision their product, resulting in a never ending demand for more content from viewers (Lukas 2013). With new shows designed to appease media bingers, content will be viewed and finished faster than ever before. This is leading up to a great expansion in the internet media industry as well as the number of platform specific programs like House of Cards (Stelter 2013).

CONCLUSIONS

Our study has found preliminary support for theories of partner-like relationships, addiction, and dependence on media stimulation. Our results are based on three focus groups and a small number of written responses, and therefore must be subject to further empirical research in order to be generalizable. Respondent testimonials and discussions show clear attempts of media providers to turn their customers into addicts. Results support that these strategies are working, with the majority of those interviewed confessing to a show addiction (60%). Participants have also revealed a possible one-sided relationship with their favorite characters. We believe that these unconscious relationships are one of the primary reasons behind media bingeing tendencies. Findings also show that the lack of societal concern could be another main driver for those bingeing on television. With no negative public opinion, consumers feel invincible while indulging on media. We suggest that future research include a quantitative study targeting these relationships felt between viewers and their fictional counterparts.

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UNCONSCIOUS FEAR OF DISSATISFACTION: HOW NEW YORK METS FANS COPE WITH THE WORLD!

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ABSTRACT

This research investigates the marketing implications of psychological constructs of defensive pessimism and deliberation - two self-handicapping strategies. Self-handicapping is the choosing of impediments and obstacles to put blame on if things do not go well. Deliberation is a means of thinking through a situation to view all possible outcomes. Defensive pessimism is the setting of unrealistically low expectations and thinking through many outcomes to avoid an increased let down amidst a negative outcome.

We have developed a theoretical framework that makes the investigation of such constructs possible. We have performed a preliminary empirical study to build and develop theoretical measures.

INTRODUCTION

Tali Sharot (2011) takes a tour of the human brain and discusses how the general public is wired to be optimistic about most issues. Through many scientific studies and anecdotes, this contemporary neuroscientist writes about how humans develop an optimism bias and are satisfied with great life events, yet prepared when it comes to death, disease, etc. But what about when it comes to making purchases? We began to ponder the idea of how the brain works in relation to consumer buying habits, and whether or not satisfaction can occur in consumers who are not optimistic (therefore, pessimistic). Does the brain react with satisfaction or dissatisfaction because that is, "how we are wired?" Is there more to the equation than simply being optimistic or pessimistic? Based on an extensive cross disciplinary literature review, we found many interesting studies pertaining to self-handicapping, defensive pessimism, deliberation, and many other constructs. However, we found no significant input by those in the marketing field. We saw this as an opportunity to both add to the extant psychology literature, as well as open up a new avenue for marketers and educators alike. Our study focuses primarily on the consumer behavior aspect of marketing, the state of minds in which consumers will buy certain products, as well as the amount of satisfaction gained from said products dependent on level of optimism or pessimism in the consumer. We have conducted a preliminary quantitative study to assess validity of scales. Using our previously gathered theoretical framework of consumer self-handicapping in purchase decisions, we created and tested an online survey which was then distributed to 123 participants. Findings are revealing. In the following sections we proceed to discuss the extant research in the area, propose our theoretical model, discuss scales developed and their validity, and present the findings of our empirical study based on a national sample.

LITERATURE REVIEW

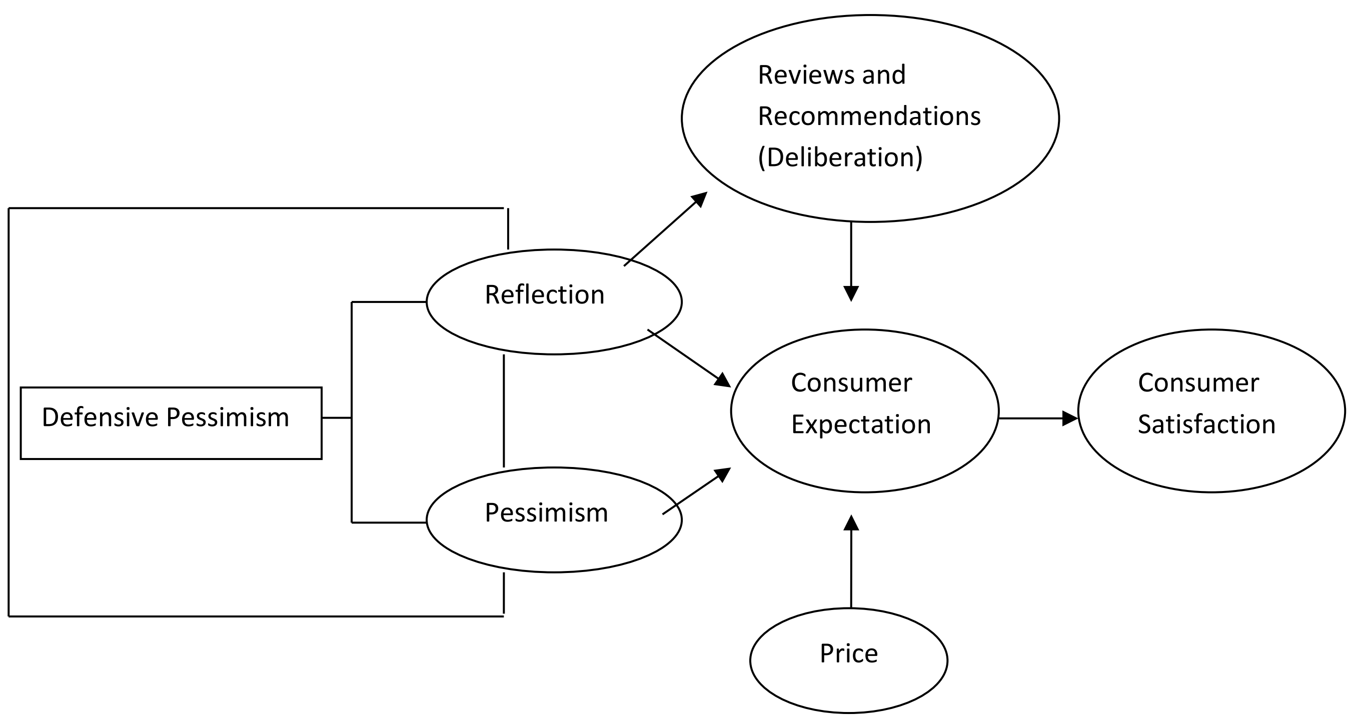
At Pennsylvania State University, Gasper, Lozinski, & Lebeau (2009) examined two properties - pessimism and reflection. Pessimism is the state of mind in which a human being discounts their ability to perform well in particular tasks (Norem, 2001a). A practice commonly used by those with low self-esteem or self-worth. Reflection is the process that has been proven to churn pessimism into an acceptable and even beneficial brain function. The reflection process is not discounting one's ability, yet is the planning for the task at hand while closely examining the potential euphoric results, as well as the potential let downs. Separated, pessimism may cause bleakness, where reflection may or may not. However, one thing is for certain - together they form defensive pessimism, "The setting of unrealistically low expectations and thinking through many different outcomes to avoid an increased let down amidst a negative outcome" (Debus et. al, 2001). In today's society, defensive pessimism is grossly underutilized. Sharot, Riccardi, Raio, & Phelps (2007) point out that, "people tend to make overly confident, positive predictions about the future, which are often inaccurate." This can cause a high level of dissatisfaction in the person who has set the expectations. The state of mind a human being is in when making any sort of decision or when forming an opinion is vital to not only the outcome, but the amount of satisfaction and delight gained from the experience. Let us think about the above statement in the opposite manner - using defensive pessimism may be beneficial to the subject. For example, meteorologists may claim that there will be a very large storm which will soon hit Albany, New York. The storm is seen one week ahead of time and the city must be evacuated. The time comes for the storm to hit, and nothing happens - the storm flat out misses New York's capital. Undoubtedly, this causes a massive amount of relief and delight in those who reside in Albany. However, since the city was prepared for the storm to hit, if it had landed in the city the residents would have been safe. Although devastation would be unfortunate, the amount of damage would be less significant, and the amount of satisfaction and delight would sky rocket, all because of people's states of mind.

Deliberation is the process of systematically eliminating options as information is gathered toward decision making. Dijksterhuis and Nordgren (2009) explore the process of deliberation through five similar experiments which aim to determine if the effect that deliberation has on both simple and complex decisions. They found that, "Conscious thought often undermines the quality of people's judgments… people who deliberated on their preferences were less consistent than those who made nondeliberative judgments." This proves that deliberation can be a means of distraction. Dijksterhuis and Nordgren do not speak of the state of mind in which participants underwent these experiments. Therefore, because of the work of Sharot et al. (2007), we can only assume that the subjects were optimistic.

THEORETICAL MODEL

After the aforementioned thorough literature review process, our pictorial model (Figure 1) was developed. We believe that defensive pessimism (pessimism & reflection) has a significant impact on consumer expectations, which has a direct impact on the level of satisfaction and delight, or dissatisfaction. This is hypothesized because by setting unrealistically low expectations via the deployment of defensive pessimism, consumers' expectations will be altered, therefore positively or negatively effecting customer satisfaction. We also believe the defensive pessimism (specifically, the reflection factor) has an impact on the amount and type of deliberation, which forms the expectation of the consumer. We have included price in the model as we believe it will play a significant role in the expectation of consumers. Our pre-tests have shown that demographic variables such as age and gender may play a role in the determination of a price threshold that would change expectations. The findings using this working pictorial model are sure to be exciting and groundbreaking.

Figure 1



QUANTITATIVE STUDY

With the above theoretical framework in mind, we began to search for existing scales to measure each of the identified constructs. All primary data for research was collected through an online survey service. In an effort to keep the survey at a manageable time for participants (about six minutes), questions primarily consisted of the Likert-type format that required respondents to rate statements by the click of a mouse. Being that most folks use the Internet on a daily basis for at least a small amount of time, we deemed an online survey to be the best instrument for data collection. Before we sent this survey out via email and social media, we pre-tested it several times in order to ensure its effectiveness, flow, and logic.

After narrowing our scales down to fit time constraints, we then designed our instrument in the best way possible to keep participation up and eliminate possible "click-outs". The beginning portion of our survey measures personality characteristics of participants. These characteristics were measured using a five point likert-type scale ranging from "Strongly Disagree" to "Strongly Agree". The prompt to measure personality was, "I see myself as…" At this time, participants were prompted to indicate their level of agreement as it relates to five different personality traits (the big five); extroverted, agreeable, dependable, emotionally stable, and open to experience. Next, we launched into measuring each of our constructs listed in the theoretical pictorial model. In this order we measured, price, deliberation, expectations, satisfaction, and defensive pessimism. Each construct was measured using a five point likert-type scale. We also included a scale to measure each participant's personal values. Closing out the survey, we asked participants for standard demographic information.

For this preliminary study, the survey link was distributed to the authors' personal contacts via email and social media websites. Please see the sample profile (n=123) in figure 2.

Figure 2

Sample Profile (n=123)

Gender	
Male	49.20%
Female	50.80%

Age	
17-23	54.90%
24-34	9.80%
35-54	30.30%
55+	4.90%

Student	
Yes	45.10%
No	54.90%

Type of Institution	
2-Year College	3.00%
4-Year College	93.90%
Graduate Program	3.00%

Occupation	
Full time student	51.20%
Service	5.80%
Management, professional, & related	35.50%
Other	7.40%

Income	
$1-$20,000	38.00%
$20,001-$50,000	9.90%
$50,001-$80,000	22.30%
Undisclosed	11.60%

$0	5.80%

Country	
United States	96.70%
India	0.80%
Canada	0.80%
France	1.70%

PRELIMINARY FINDINGS

Once our data (n=123) was gathered, the first step was to check for validity of the scales used. The first scale dealing with personality (Gosling, Rentfrow, and Swann 2003) was a five-item scale and showed good psychometric properties (Cronbach's Alpha = 0.701). The scale dealing with deliberation (Cacioppo and Petty 1982) was a five-item scale and showed very good psychometric properties (Cronbach's Alpha = 0.785). The scale dealing with price (Lichtenstein, Netemeyer, and Burton 1990) had to be reduced from a five-item scale to a four-item scale for validity. When this was done, the price scale showed good psychometric properties (Cronbach's Alpha = 0.760). The scale dealing with expectations was originally conceptualized as a four-item scale but had to be reduced to a three-item scale in order to achieve moderate psychometric validity properties (Cronbach's Alpha = 0.679). The scale dealing with satisfaction was reduced to five-items from a six-item scale and showed very good psychometric properties (Cronbach's Alpha = 0.775). When analyzing the satisfaction scale, item number twenty-five was reverse worded and had to be recoded to maintain the integrity of the scale. Our scale dealing with the construct of defensive pessimism was an eight-item scale and showed excellent psychometric properties (Cronbach's Alpha = 0.843). The value scale (Kahle 1983) used in our instrument was a five-item scale and showed excellent psychometric properties (Cronbach's Alpha = 0.843).

We then proceeded to conduct a principal component factor analysis with a Varimax rotation suppressing Eigenvalues below 0.50. The resultant two-factor solution conformed to the theoretical dimensions of the scale that explained 65.470% of the variable in the data. The two dimensions each with four items were labeled reflection and pessimism as dictated by the theoretical model. The scale dealing with reflection included four items and showed very good psychometric properties (Cronbach's Alpha = 0.760). Our pessimism scale was a four-item scale and showed good psychometric properties (Cronbach's Alpha = 0.703).

After validity of the scales was checked, we then ran ANOVAs to establish our dimensions. First, we used each scale listed above as the dependent variable, with different demographic items being the factor. Age shows a significance when it comes to deliberation (p: 0.005; F=4.505). It appears that participants at age 55+ deliberate less than younger age groups. When it comes to gender, this demographic item has a significant impact on the constructs of reflection (p:0.050; F=3.915), defensive pessimism (p:0.030; F=4.851), personality (p:0.068; F=3.401), and price (p:0.040; F=4.20). These preliminary findings seem to indicate that men seem to both reflect on past purchases, and unconsciously use defensive pessimism more than females. The next dimension tested for significance was occupation. Occupation seems to play a significant role in level of deliberation (p:0.000; F=5.023), and price consideration (p:0.010; F=3.02). Preliminary findings indicate that those with occupations in the service area deliberate significantly less than others, and also care significantly less about price.

ANOVAs were subsequently run to test correlation between our scales and personality items. Results showed the traits of being extroverted and enthusiastic to have a significant impact on expectations (p:0.032; F=2.404), price (p:0.079; F=1.949), values (p:0.001; F=3.918), and satisfaction (p:0.045; F=2.231). An interesting result is that people who are extroverted/enthusiastic tend to set higher expectations. The agreeable/kind item has a significant impact on reflection (p:0.076; F=2.057), deliberation (p:0.021; F=2.762), expectations (p:0.034; F=2.515), price (p:0.085; F=1.933), values (p:0.003; F=3.817), and satisfaction (p:0.024; F=2.707). Being dependable/organized showed significance with deliberation (p:0.090; F=1.960), price (p:0.000; F=5.652), and values (p:0.036; F=2.481). Being emotionally stable has a significant impact on reflection (p:0.074; F=2.069), defensive pessimism (p:0.077; F=2.045), and price (p:0.000; F=6.772). A major finding in this data includes the fact that emotionally stable people tend to utilize defensive pessimism more than those who are not emotionally stable. Almost an inverse of what one would consider logical. Being open to experience showed significance when it comes to deliberation (p:0.011; F=2.926), expectations (p:0.024; F=2.540), price (p:0.001; F=4.159), and satisfaction (p:0.036; F=2.347).

CONCLUSION

Now that we have developed and tested scales that capture each aspect of our construct, it opens avenues for more extensive empirical study and analysis of our scales. Future studies may expand our research far beyond the theoretical framework and preliminary findings provided in this study. For example, it will be interesting to find out just what types of people unknowingly utilize defensive pessimism. According to the preliminary data, those who are emotionally stable utilize the process more than those who are emotionally unstable. We believe that the findings of future research with larger samples will provide generalizable results that will have implications for marketing strategists and academicians alike.

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