

# THE THRIFT

The Business Newsletter...

12/10/2018 /EC-003

## EDITORIAL

With each new edition we try to offer a plethora of articles to enable each of us to think beyond the clichéd perceptions of business. We have stepped away from the quintessential facts and figures of business and are introducing to you people and strategies that are rather unheard of.

It's not always about thinking 'out of the box' but discovering what's missing within. In this edition of 'The Thrift' we are presenting to you our views on known but unnoticed subjects such as making money out of conspiracies or simply issuing credit cards. A section on the British Royal Family may surprise you when you realise they may be dampening the economy of their country! We live in a world where start-ups are the new multinationals and so it is imperative to talk of those who help initiate them, even the drop-outs. Who knew Starbucks could fail or the rise of K-Pop could boost an entire economy? From a present day crisis in Turkey to the rise of The Big Apple in the 19<sup>th</sup> century and its fall in the 20<sup>th</sup> century, we gather a series of articles from now and then.

Elon Musk, the founder of Tesla, once said, *"Starting and growing a business is as much about the innovation, drive and determination of the people who do it as it is about the product they sell."* And it is this desire for innovation that we strive to kindle by bringing forth new ideas and perspectives along with a fresh understanding of old events.

To thinking differently!

Editors-in-Chief

Anshika Singh and Navya Mohan

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## UPTOWN JUNK

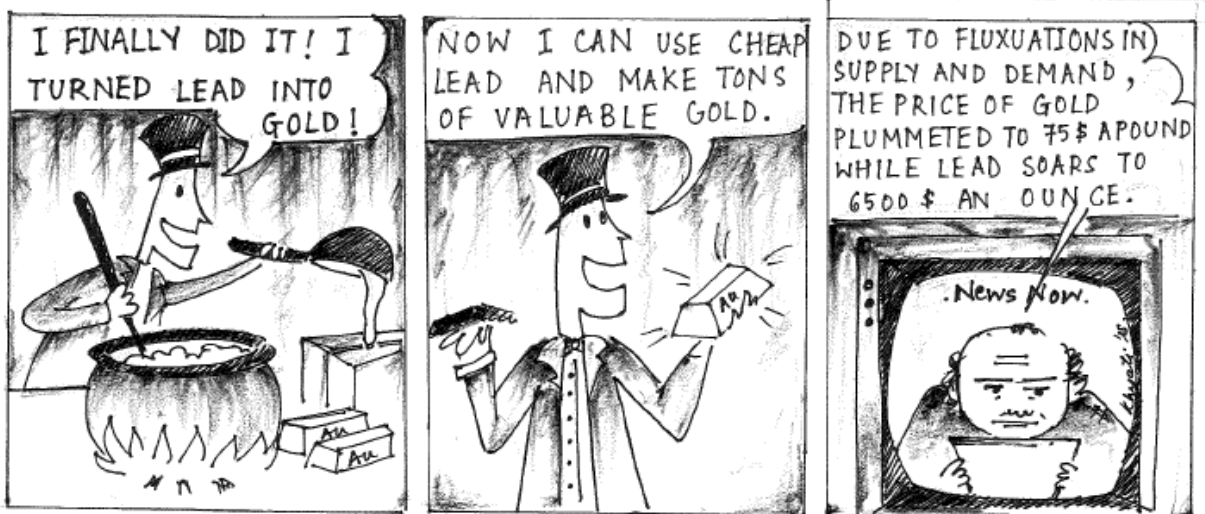
Fashion is considered to be a fickle and wasteful business by some. Fashion and ethics have never seemed to be comfortable bedfellows, so it does not come as a surprise that Burberry, an upmarket British label, incinerated a perfectly good stock worth £ 28.6 million last year, and what's worse they aren't the only ones.

The manufacturer of Burberry claims that this was done to protect the brand from 'illegal counterfeiting' which is definitely not true because the moment a design is showcased on the runway a plethora of cheap garment sellers start copying it. The CEO of the brand further said that the incineration was to protect the exclusivity of the brand and save it from being worn by the "wrong people". The truth of the matter is that Burberry has been struggling to restore the exclusivity of the brand, and the company's ability to read the fashion runes appears to be worsening.

The reason however is more than what meets the eye. Destroying unsold stock is becoming a common practice among luxury brands resulting in the artificial inflation of prices. These luxury labels tend to believe that having discounted sales devalues the brand name. Hence they try to make the most of an American law called the "duty drawback" which states that if imported merchandise is unused and destroyed, 99% of the duties and taxes on it would be returned by the US government. Since goods of these brands have 25-30% of duties it is profitable to earn a duty back. Brands like Louis Vuitton, Burberry and Mont Blanc destroy their unsold stock at a regular basis.

But can ethics be ignored like that? Can we selfishly continue to burn useful resources like that? Has the thirst for profits taken over our morals? Is their CSR policy just a farce or a genuine effort? Perhaps, such brands should revamp their policies and consider those who can barely afford any clothes at all.

Shresthvi Havelia (Pre SC-C)



*The Irony Of Economics*

## KOREAN KRAZE

BTS, G-Dragon and PSY are names that recently gained immense popularity, showcasing K-pop culture at a global platform. Korean Wave or 'Hallyu', as it is known in Korean, is a term originally used by the Chinese media way back in the '90s referring to the phenomenon of the youth of China being enthusiastic about Korean popular culture. Its growing fame has not only increased awareness about the country itself in terms of raising interest in Korean food, cosmetics, fashion, language and Korean learning but also boosted the economy in terms of tourism by more than 47% in the past decade itself. One of the biggest effects of the Korean wave can be seen in the tourism industry.



The obsession with K-pop has given a boost to Korean tourism with an ever increasing number of people visiting the 'Hallyu attractions' and attending concerts. Due to the influence of the Korean wave, Korea's export of large-scale cultural content (movies, programs, games) has grown by more than 40% every year since 2002, the beginning of which was marked by increase in the number of Japanese tourists pouring in due to the drama "Winter Sonata". Not only has the Korean Wave boosted the tourism but has also put the country on a global map in a new light, leading to the increase in Korean exports and an improved national brand value. K-pop and Korean television are now getting worldwide exposure and are being particularly well received by the audiences throughout US, China, Japan and Hong Kong with a dedicated and growing global fan base.

The GDP in South Korea was \$1,530,751 million in 2017 and is one of the highest in the world. The absolute value of GDP in South Korea rose by \$119,709 million clearly showcasing the major impact of this industry.

Shivika Saraogi (SC-C)

## THE DROPOUT FELLOWSHIP

The CEO of OYO rooms, Ritesh Aggrawal is the first Indian to have been granted the Thiel Fellowship, a two-year program which gives \$100,000 to young people who aim to bring a change to the world instead of sitting in the classroom and studying. The fellowship helped him pursue his interests and today he is on his way to become the youngest Indian millionaire. Thiel Fellowship was started by Peter Thiele the co-founder of PayPal and an early investor in Facebook. As Thiel sees it, today's elite universities are overpriced relics holding back innovation and contributing to a technology deficit that will have disastrous economic consequences. Instead he wanted teenagers to pursue "radical innovation that will benefit society" and started the Thiel fellowship bearing this in mind. It selects a few young students every year and gives them \$100,000 to develop their start up ideas, provided that they are ready to drop out of college. The Thiel fellows only receive funds after which they have to choose their own environment, set their goals and achieve them using their own creativity. Fellowship officials say that about three-quarters of the 6,000 applications they received last year were submitted by students at top-tier schools like Yale, Harvard, MIT and Stanford. Many graduates from the top colleges have been seeking a way out of the rigid systems that restrict their free flowing minds. Peter Thiel with his fellowship has provided a haven to youngsters around the world who have dared to not follow the convention.

Rishita Khandelwal (SC-C)



## A \$62,000 'PAID-FOR' TRIP

Who doesn't love to pack a suitcase and go globetrotting? More so, if it is a free trip! Little do we know that it can be done by travel hacking. With the increase in financial literacy people have become more aware about different beneficial schemes for instance, schemes for cheap travel are being endorsed like the idea of earning miles. Many banks give miles for the purpose of attracting more account holders but it actually turns out to be highly lucrative for the customer as well.



Hannah and Chad Janis are two such New Yorkers who used these ways to earn up to \$62,000 and 2 million points. They used clever yet simple methods to get their way through like keeping a sound balance in their banks by setting up 'automated bank accounts' and planning their trips in advance. The couple took advantage of the different loyalty programs and sign up bonuses. Collecting the signup bonus for that particular credit card was as easy as making a purchase within the first 90 days and paying the annual fee and so they bought two bagels and earned \$1,800. Most importantly reading the fine print helped them greatly when while subscribing to a card from Barclays Bank they came across the probability of earning 60,000 bonus points. Travel hacking is not just another hack for thrifty expeditions but has also become a profession for them. Chad designed an app called the 'Wall Street Minimalist' to share such strategies. Janis recommends tracking credit score or the credit worthiness of the individual on the website 'Credit Karma' because the better the credit score is the more likely they are to be able to issue credit cards.

Just by being open to the idea of issuing more credit cards Hannah and Chad have successfully roamed the world from Venice to South Africa to Switzerland and continue to undertake new expeditions. We have often looked at miles and points as just another added benefit but who knew that they could take us places?

Anshika Singh (SC-A)

## RAGS TO RICHES

When we think of New York one can hardly imagine anything but a thriving city yet there was a time when it didn't hog the limelight. Gotham city's run for glory began in the 1800's when she realised the dominance of Philadelphia's security exchange market and decided to establish the New York Stock and Exchange Board in 1817, later to become the NYSE. With a new Exchange and home to more banks than its southern competitor, New York City lured investors away from Philadelphia.



The city's supremacy in trade has a lot to do with geographical factors. The Hudson River helped to solidify the city as the hub of commercial trade and central transportation. Immigration too helped the city to emerge as the immigrants served as workers in the expanding industries. The Banking Act of 1864 required all the national banks to keep 15% reserves of their lawful money in New York which proved as a turning point for the future of this Banking Centre of the World. The 20<sup>th</sup> century involved a lot of changes like the operating of the first ever subway company which supplemented communication. Even the Great Depression didn't stop them from building their most iconic buildings such as the Empire State Building and The Chrysler Building. The immigration of the Asians and Latin Americans too played a part in the economic growth of the city. Many of New York City's industries, such as the financial services, healthcare, retail trade, manufacturing, etc. contribute to the GDP growth of the United States.

Today, New York City headquarters many of the fortune 500 companies such as the well-known Morgan Stanley, Twenty-First Century Fox, Inc., Ralph Lauren Corp, JPMorgan Chase & Co., etc., making New York City the Front Office of American Business. Like a phoenix rising from its ashes New York became one of the financial capitals of the world and rose from rags to riches.

Tanya Garg (Pre SC-A)



## THE DOMINO DISASTER

Following a dramatic plunge in its currency, Turkey is on the edge of a financial crisis. Over the past few months, the value of the Turkish lira collapsed by 50% rattling vulnerable emerging markets and bond yields that have skyrocketed. The low interest rates in the country have not only hampered the growth but have also given rise to inflation with the economy's fate solely in the hands of Trump.

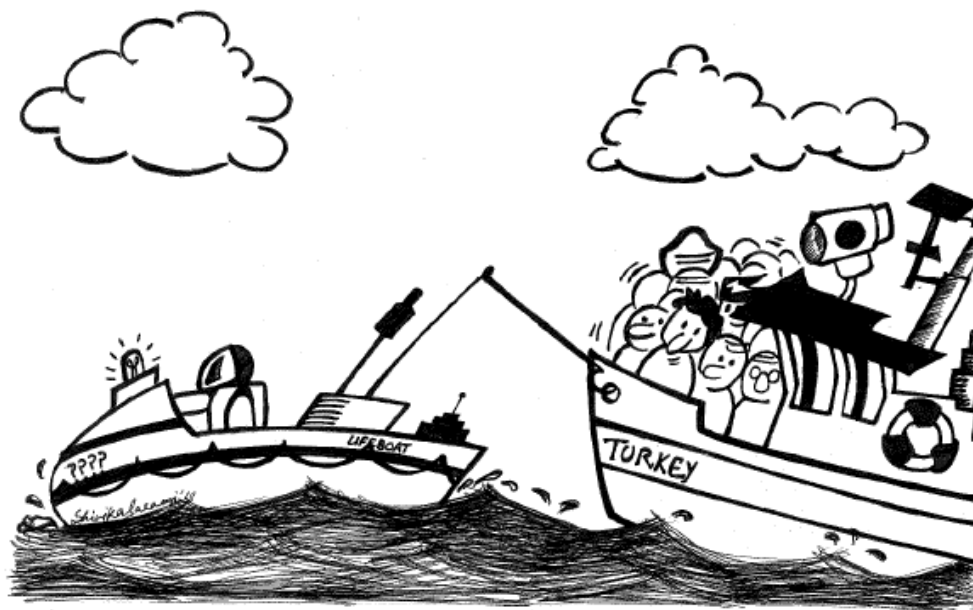
The widening dispute between Washington and Ankara over the imprisonment of the US pastor Andrew Brunson has deepened the economic crisis in Turkey. Brunson, who is from North Carolina and has worked in Turkey for more than 20 years, has been accused of helping a group that Ankara says was behind a failed military coup in 2016. The pastor, who has denied the charges, faces up to 35 years in jail if found guilty.

Donald Trump's intervention to release the pastor has worsened the economic situation in Turkey. After his tweet "Our relations with Turkey are not good at this time!" the lira has plunged by 14% as investors rushed for exits choosing to buy other assets for safety during a time of financial market volatility.

In addition, the Turkish lira plunged by another 20% against the dollar after the President announced the move. The Trump administration has pressurized the country to stage an emergency interest rate rise which would avert future economic damage. The US increased the taxes on Turkish steel imports to 50% and on aluminum to 20%. The failure in their economy has a domino effect on other emerging market economies and the global currency markets. Similarly, the Indian rupee has also hit a fresh record of 72.60 (as of September 28, 2018) rupee to one dollar. The South African rand and the Russian rand have also tumbled dramatically.

World stock markets dropped because investors fear that other so called emerging markets, such as Brazil, India, China and Russia, will go the way of Turkey. The stocks falling in Europe and a mixed picture in India clearly demonstrate that developing nations are particularly prone to Turkey's shattering economy.

Pema Lhaden (SC-A)



# BROOKLYN DAILY

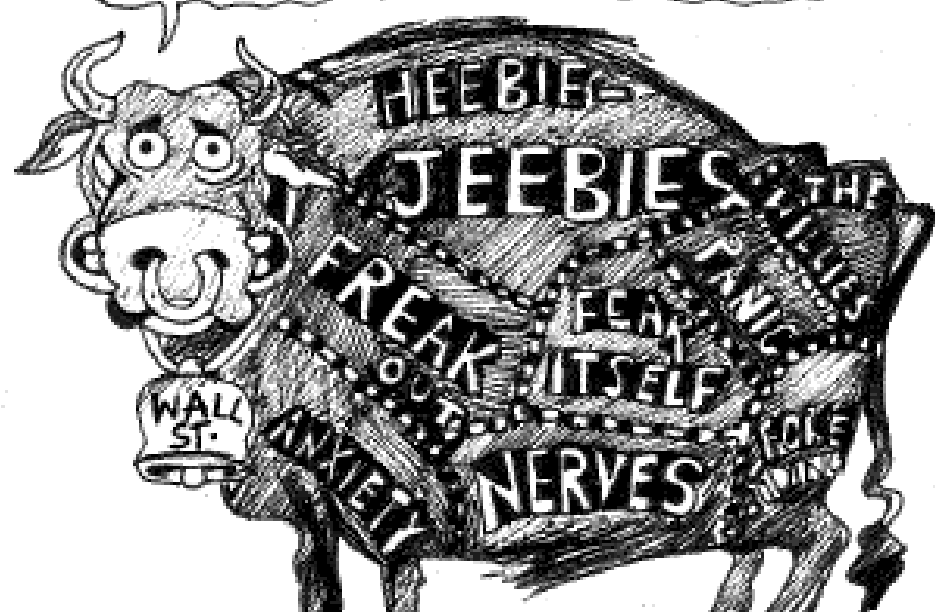
NEW YORK CITY

★ ★ BLACK TUESDAY HITS THE UNITED

## WALL ST. IN PANIC ★ CRA

89th Y.A. .... 269

I THINK I HAVE GOT EVERYTHING!



**COLLAPSE  
OF  
EUROPE  
BANKS**

*The worst crash in the history of*

### **GREATEST CRASH**

DELUGE OF PANIC SELLING

OVERWHELMS MARKET

19,000,000 SHARES CHANGE  
HANDS

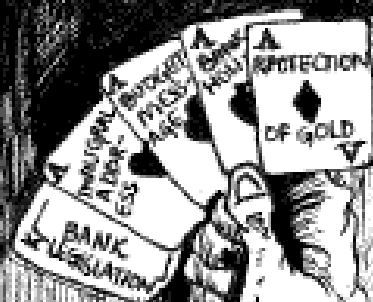
PRICES TUMBLE LIKE  
AN AVALANCHE

WILD SCENES TILL  
GREAT FINANCIERS  
COME TO RESCUE



NEW YORK STOCK EXCHANGE

IT IS A NEW DEAL



# DAILY EAGLE

WEDNESDAY, OCTOBER 23, 1929.

STATES OF AMERICA YESTERDAY.

★ ★

## AS STOCKS ASH

32  
PAGES

★

1929

THREE CENTS



# TOO MUCH FOOD

Wall Street took place on October 22nd.

# FALL IN LAND PRICE



## NOT THEIR CUP OF 'COFFEE'?

Starbucks, one of the most frequently visited coffee shops all over the world, is present in more than 28,000 locations and 76 markets from Shanghai to Guantanamo Bay.

Despite the undisputed popularity there is one continent which seems uninterested in the hype over the coffee giant Australia. Its deep love for coffee was not enough for the Seattle-based chain to gain success there as it did in other countries. Starbucks opened its first Australian store in Sydney in 2000 and from there it expanded so fast that it had nearly 90 stores across the continent by 2008.

They rapidly opened up multiple locations instead of slowly integrating them into the Australian market while Australia's already-thriving coffee culture also proved to be a challenge for the American brand. In its first 7 years in Australia, Starbucks accumulated more than \$105 million in losses. In 2008, Starbucks announced that it was shutting down 61 stores in Australia. Such a retreat was embarrassing for the brand. The reason-Starbucks' basic menu didn't fit Australians' tastes. Australian cafes have flavours like Piccolo Latte, Flat White, Long Black and Irish coffee. Starbucks served sweeter coffee options than Australians preferred all while charging more than the local cafes. Yet there is one American coffee company thriving in Australia. Founded in Chicago, and now based in Australia, Gloria Jeans got the fame in Australia that Starbucks did not. Gloria Jeans has 400 Australian locations and serves more than 35 million Australian consumers every year. But what exactly is Gloria Jeans doing that Starbucks isn't?

The company attributes its success to 2 Australians who franchised the business in their home country. Shops started to show up in 1996. Fast forward to today, the company is present in every Australian state and all because of its menu. The chain offers a wide variety of espresso drinks and specialty coffee. Starbucks' failure to adapt its menu to Australian coffee culture may have been a big mistake for the company but it has now rectified the issue and improved its menu in other markets such as India, where they have partnered with the Tata Group, and have introduced Indian variations such as Konkani Twist or a Reshmi Kebab Roll. Even the Tata Tazo tea range throws up a spice infused Chai Tea Latte—distinctly Indian. Similarly, when Starbucks opened shop in Delhi's Connaught Place in February 2013, the rope work design of the store stood out as a local theme, along with food offerings, such as Murg Kathi Wrap and Murg Tikka Panini. The Pune store, on the other hand, honours the rich copper culture of the city through copper artefacts and even has a traditional Indian swing for customers to sway on.

Yet Starbucks was not an absolute failure in Australia thanks to the thriving amount of tourists especially from North America who can't possibly start a day without their cup of coffee.

Naina Rastogi (Pre SC-B)



Australia





## A MONEY MINTING PARANOIA

Trump belongs to the category of 'reptile people' and Beyoncé is a part of the secret cult Illuminati; if you believe in any of that or are privy to such conspiracy theories? Beware! You might just be susceptible to financial exploitation.

One the most bizarre businesses is the one of conspiracy theories where passionate and committed people across the world are working to subvert some of our deepest held beliefs. They weave meshes of theories to attract people like gnats to their webs. Individuals stuck to the monotony of their life tend to feel uncertain, powerless and disengaged. Conspiracy theorists take advantage of these anxious individuals and seize opportunities to delude them. The 'enlightened' theorists can be funded by an opposition party in order to create a sense of agitation against the ruling government to create a sense of unease in the country. Since on some level, we are all predisposed to be suspicious or mistrustful of the government it is easy for these theories to gain ground. Then there are those people who want to promote their blogs or any channel of media so they provide the world with a theory. The one that seems to be the most irrational sells the best. There's no narrative, there are no facts, yet filling a void in us with the pride of being knowledgeable or intellectual. For business tycoons implanting conspiracy theories in people's heads is a smart way to make its competitors go bust, thereby boosting their own share prices or just increasing expectancy. For instance when in 2014 Amazon leaked information about Apple looting the public through 'iPads' their sales dropped by 43% whereas sales of Kindle shot up by a massive 56.33%. Similarly when Zee News was financially limping in 2013 we saw a sudden escalation of its funds around the time it officially turned pro-BJP and circulated rumours like the introduction of anti-Dalit laws by Congress which influenced a major part of the masses. Some conspiracy theories (based on military, etc.) are formulated by the government and spread via the news channels they fund in order to distract the public from the terrible state of affairs in the country.

By and large, we can safely say conspiracy theories are not in any way facts they are all just tales of falsehood and a money minting paranoia.

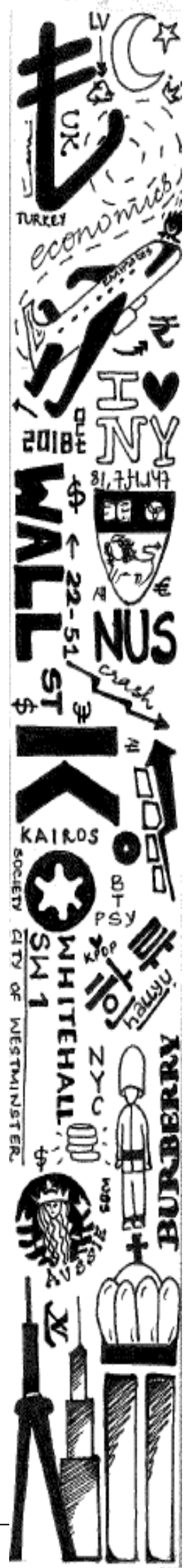
Jannat Teja (AI-C)

## A TRIP TO 'NUS'

During the summer vacations 18 Welhamites were given the opportunity to attend an Economics Summer Camp at the National University of Singapore. We attended various lectures given by highly reputed professors, covering a wide variety of topics ranging from behavioral to environmental economics. The most interesting lectures were the ones given by Dr. Seet Min Kok (Head of the Economics Department, NUS), who engaged in discussions, debates and even cracked jokes at the expense of the Indian *paranthas*. We were encouraged to plan start-ups and business models in the Econometrics Workshop as well as the Business Planning Workshop held daily. Teams were made comprising of international students and had to formulate business plans while coming up with a unique app or product. New ideas originated and the place was buzzing with innovation for those five days. Students had the chance to showcase their talent through presentations, discussions, debates and pitching sessions. The program helped enhance our entrepreneurial skills and provided us with a comprehensive educational experience. Other than the business aspect of the camp, we also indulged in cross-culture learning and friendships that flourish even today. Overall, this camp was an extremely enriching experience for all of us as it broadened our perspective of the business world.



Ridhima Ahluwalia (SC-C)



## KICKSTARTING THE START UPS



'Start-up' is the phenomenon that is taking the world by storm and what could be better than someone to guide us while getting started.

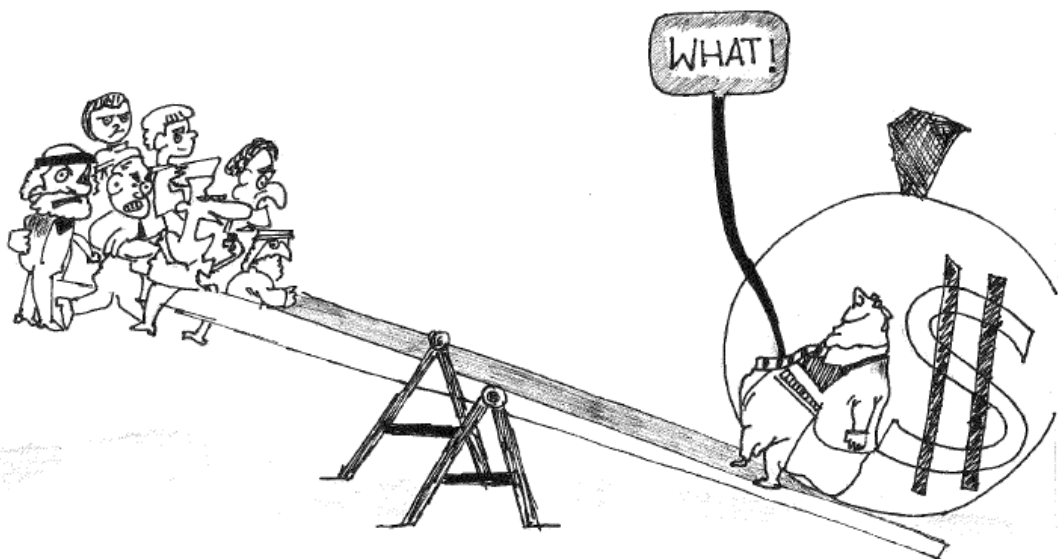
Ankur Jain, an entrepreneur and an investor, is currently the CEO of Kairos. This New York based company comprising young entrepreneurs mainly aims at addressing the major problems faced by the consumers regarding health care, education, resources, global transportation and many such grievances which are often overlooked by all. He believes that technology these days is primarily focused on achieving the mainstream goals and is rather neglectful of the practical problems faced by people every day.

In the past 18 months, Kairos has successfully initiated four start-ups and has invested in sixteen more. Jain has also been the co-founder and CEO of Humin-a technology company in San Francisco which was sold to Tinder in March 2016. He continues to act as the vice-president of the product at Tinder.

Kairos was co-founded by Jain when he was eighteen (2008) as an incubator for young and thriving entrepreneurs from all over the world. He has identified talented entrepreneurs coming out of universities and has worked with them to launch new ventures to help various social problems. These entrepreneurs are bright young minds with an aim to solve various problems and thereby, Kairos Society helps the leaders of tomorrow to focus on the right problems and ignite the spirit of innovation in them. Kairos has an advisory board of reputed names that include makeup mogul Bobbi Brown, NFL commissioner Roger Goodell, Dr. Mehmet Oz, former Mexican president Vicente Fox and his wife Marta and MetLife's chief marketing officer-Esther Lee among others. Today, the companies that were founded by Kairos' entrepreneurs are worth more than \$6.5 billion. The Kairos Society was also named partner in Barack Obama's, 'Start-up America Partnership'.

Ankur Jain has been recognized internationally for his great achievements. In 2017, he was named a Young Global Leader by the World Economic Forum and in 2015, Forbes also named Jain in their '30 Under 30' list. Jain also currently serves on the innovation board of the X-Prize foundation and as a member of the Pacific Council on Foreign Relations

Navya Mohan (SC-C)



*The slide of poverty*



## THE ROYAL ROBBERY

The British Royal Family is one of the oldest and most popular monarchies of the world but is it really a blessing or simply a burden on Britain? Is it a power uniting the country with its traditions or a mere drain on its economy?

The royal family's income is through a Sovereign Grant which makes the parliament treasury, funded by the tax payers, responsible for financing the royal family to execute their 'official duties'. A grant of \$100 million was issued to the queen for the year 2017-18, a 57% increase from the grant of the previous year. The amount in the Sovereign Grant for a given year is equal to a prescribed proportion of The Crown Estate's profit for the financial year two years prior to the year in question. The royal wedding of Prince Harry and Meghan Markle was one of the most talked about events of the year and the largest wedding ceremony in the history of the royal family. The royals claim that a lot of this money was spent on the security of the high profile guests but how can one justify a wedding with a whopping budget of \$43 million? Despite predictions of a boom in tourism and other parts of the economy the wedding did little to bring any real or long term gains to the country. There was also no significant boom in tourist arrivals or spending on and around the wedding. The British GDP grew just by 0.1% in the first quarter of 2018 representing the weakest expansion in more than five years.

The British economy could certainly do with a boom and perhaps it should invest the money of the tax payers in something that actually benefits the people of the country rather than funding an extravagant royal family whose only role now is to procreate an heir to the throne to keep the now insignificant monarchy alive.

Anurati Garg (Pre SC-B)

## NO KIDDIN' AT WHITEHALL

Ever dreamed of having a high profile job that includes advising the Finance Minister? If the answer is yes, pack your bags and immigrate to UK because Whitehall is hiring kids as young as 17 with math until grade 6 and average marks to apprentice under Economists. Now you do not have to be an old genius to become an economist all you need is common sense and an average but creative brain. The older geniuses were accused of being blind to the upcoming economic crisis that everyone had seen coming for decades.

The civil servants at Whitehall ratify the decisions they receive from the Cabinet by asking the youngsters for their opinion. Not only does this improve their reputation but also confirms how the policies will be taken by the youth. Moreover, the profession in itself has faced sharp criticism over using the old neoclassical model. The 17 year olds who apply for the apprenticeship can expect a starting salary of £20,000 or more. This also showcases that the youth can start their chosen professions without going to a university or college.

These young minds that join the apprenticeship join the Government Economic Services. From here they are posted to bases all over the country to a variety of posts such as Treasury, work and pensions, business, energy and industrial strategy and food and rural affairs. They are also offered a program at the University of Kent in correspondence with the government.

Mohini Chandra (SC-B)



# FUN FACTS:



**BENTLEY**

- If you have \$10 in your pocket and no debts, you are wealthier than 25% of Americans.
- Netflix and Germany have the same 'population'.
- Pause for one second, Amazon just shipped 35 items in that time frame.
- Candy Crush brings in a reported \$633,000 a day in revenue.
- If Bill Gates were a country, he'd be the 37th richest on earth.
- One in eight American workers have been employed by McDonald's.
- The Volkswagen group owns Bentley, Bugatti, Lamborghini, Audi, Ducati, and Porsche.
- Gambling generates more revenue than movies, spectator sports, theme parks, cruise ships, and recorded music combined.
- More than 80 million "mouse ears" have been sold at Walt Disney World to date.
- More people in the world have mobile phones than toilets.



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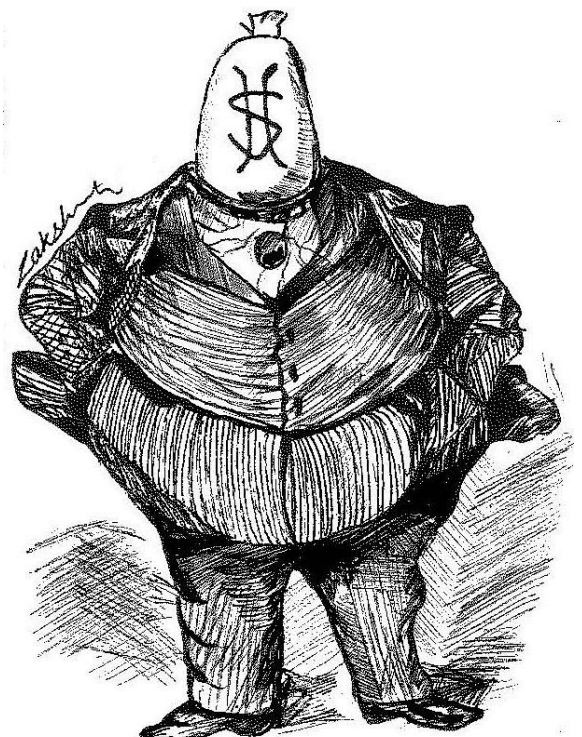
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