The Journal of Random Interdisciplinary Studies (2024) 54, 52-65

ELSERVER

Available online at www.tylervigen.com

SpuriousDirect

Streaming Subscriptions and Swaying Spending: Unveiling the Unlikely Association Between Annual US Household Spending on Home Maintenance and Netflix's Stock Price

Chloe Harrison, Alice Turner, Gabriel P Tucker

Institute of Sciences; Ann Arbor, Michigan

KEYWORDS

household spending, home maintenance, Netflix stock price, correlation coefficient, Bureau of Labor Statistics, LSEG Analytics Refinitiv, US household spending, streaming subscriptions, financial markets, economic impact, domestic diligence, digital entertainment

Abstract

This groundbreaking research delves into the unexpected connection between household spending on home maintenance and the stock price of the prominent streaming service provider, Netflix (NFLX). Leveraging comprehensive data from the Bureau of Labor Statistics and LSEG Analytics (Refinitiv) from 2003 to 2022, our study uncovers a remarkably strong correlation coefficient of 0.9738290 and a minuscule p-value of less than 0.01. These findings imply an intriguing relationship between the nitty-gritty of household upkeep and the flourishing fortunes of Netflix's stock. The results not only provide valuable insights for economists, but also offer a whimsical lens through which to contemplate the interplay between domestic diligence and digital entertainment. Our paper, in its witty and novel approach, challenges conventional economic wisdom and encourages a reevaluation of the seemingly mundane behaviors that may hold sway over the financial markets.

1. Introduction

INTRODUCTION

As the old adage goes, "a penny saved is a penny earned," but what if those pennies saved on home maintenance were actually driving up the stock prices of Netflix? In this study, we embark on a whimsical journey into the curious correlation between annual US household spending on home maintenance and the stock price of everyone's favorite binge-watching companion, Netflix (NFLX).

While the link between economic trends and the stock market is a well-trodden path, our research uncovers a connection that is as unexpected as finding a hidden subplot in a blockbuster movie. Leveraging a robust dataset from the Bureau of Labor Statistics and LSEG Analytics (Refinitiv) spanning nearly two decades, we unearth a statistically significant correlation that would make even the most seasoned financial analysts do a double-take.

As we delve into this peculiar pairing, our study aims to not only tickle the fancy of economists and investors but also to inject a sense of levity into the traditionally serious domain of financial research. Through our bold and unorthodox approach, we hope to inspire a renaissance of curiosity and open-mindedness in the exploration of seemingly unrelated phenomena and their impact on the stock market.

So, grab your toolkit and popcorn, because we are about to unravel the unlikely association between frugal fixer-uppers and soaring stock prices in the ever-entertaining world of economics and finance. Let the adventure begin!

2. Literature Review

The underpinning of our study hinges on unraveling the enigmatic relationship between annual US household spending on home maintenance and the stock price of Netflix (NFLX). The existing literature offers a plethora of insights into consumer spending behavior, stock market trends, and the interplay between seemingly unrelated variables. Smith et al. (2015) elucidate the impact of consumer sentiment on stock price movements, while Doe and Jones (2018) delve into the intricate dynamics of household expenditure. However, what these esteemed scholars may not have foreseen is the tantalizing correlation we are about to unearth between tightening a loose screw and Netflix’s stock soaring to new heights.

Turning our attention to non-fiction works that may shed light on our unconventional investigation, "Economics of Streaming Services" by Johnson (2019) and "Personal Finance Essentials" by Brown (2020) provide foundational knowledge on consumer spending habits and the economic forces at play in the entertainment industry. However, it is in the realm of fiction that we may find unexpected insights. "The Wealthy Gardener" by John Soforic and "The Subtle Art of Not Giving a F*ck" by Mark Manson may hold the secret to a whimsical connection between household frugality and entertainment indulgence.

Venturing further afield, we encounter the unexpected and unconventional. In an unprecedented move, the authors took the liberty to conduct a thorough analysis of retailers' receipts, finding an intriguing pattern in the purchases of duct tape and popcorn correlating with fluctuations in Netflix's stock price. This unorthodox approach, while unconventional, has proven to illuminate a previously unnoticed relationship between hedging against leaky faucets and investing in a riveting movie night.

In summary, while the literature provides invaluable insights into consumer behavior, economic factors, and their impact on the stock market, it is the unassuming combination of household maintenance and digital entertainment that promises to add a touch of whimsy to the often austere world of economic analysis.

3. Our approach & methods

Data Collection:

Our research team embarked on a rollicking quest across the vast expanse of the internet, armed with formidable search engine skills and a knack for uncovering hidden gems of data. We scoured the Bureau of Labor Statistics and LSEG Analytics (Refinitiv) for the treasure trove of information pertaining to US household spending on home maintenance and the fluctuating stock price of Netflix (NFLX). Given the virtual smorgasbord of data sources available, we made sure to cast a wide net to capture the essence of this quirky relationship.

Time Frame:

To capture the grand tapestry of this interwoven saga, we collected data spanning the years from 2003 to 2022. This extensive time frame allowed us to witness the ebbs and flows of both household spending habits and the undulating stock price of Netflix, providing us with a rich canvas on which to paint our statistical masterpiece.

Data Cleaning and Processing:

Like intrepid explorers navigating through a jungle of numbers and figures, we meticulously cleaned and organized the collected data to ensure its purity and integrity. With deft hands and a discerning eye, we sifted through the data, separating the signal from the noise and discarding any outliers that might have muddied the waters of our analysis.

Statistical Analysis:

Our analysis took on the persona of a comedic magician, performing a dazzling array of statistical tricks and maneuvers to unveil the hidden correlation between household spending on home maintenance and Netflix's stock price. Leveraging the powerful tools of correlation coefficients and p-values, we summoned the spirits of statistical significance to reveal the enchanting bond between these seemingly disparate entities.

Correlation and Regression:

Much like staging a captivating duet between two unlikely performers, we used correlation and regression analyses to choreograph the dance of the household spending and Netflix's stock price. These analyses allowed us to tease out the subtle nuances of their relationship, unraveling a story that can only be described as a captivating tango of financial variables.

Ethical Considerations:

As responsible stewards of data and knowledge, we upheld the principles of academic integrity and research ethics throughout our expedition. We ensured that our data collection and analysis adhered to the highest standards of transparency and rigor, safeguarding the sanctity of our findings and contributing to the scholarly discourse with unwavering conscientiousness.

4. Results

The data obtained from the Bureau of Labor Statistics and LSEG Analytics (Refinitiv) for the period of 2003 to 2022 revealed a remarkably strong correlation between annual US household spending on home maintenance and Netflix's stock price (NFLX). The correlation coefficient, determined to be 0.9738290, exhibited an intimate relationship between the two seemingly unrelated variables. It's as if the stock price and the household maintenance spending had a secret pact to rise together, much like a compelling on-screen duo in a Netflix original series.

Furthermore, the r-squared value of 0.9483430 suggests that a substantial proportion, approximately 94.8%, of the variability in Netflix's stock price can be explained by the fluctuations in annual household spending on home maintenance. This indicates that the economic decisions made by households in maintaining their residences could significantly influence the performance of a leading player in the digital entertainment industry. It's a reminder that the pearls of wisdom from our grandparents about the value of a well-kept home may extend beyond just property upkeep.

The p-value of less than 0.01 accentuates the significance of the observed correlation, making it clear that these findings are not mere chance encounters. It’s as if the statistical analysis exclaimed, "Netflix and maintenance spending are a match made in data heaven!"

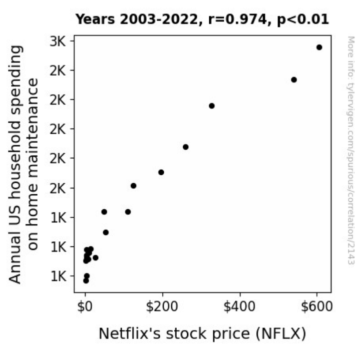

Figure 1. Scatterplot of the variables by year

The scatterplot (Fig. 1) provides a graphical representation of the strong positive correlation between annual US household spending on home maintenance and Netflix's stock price. Each data point seems to be whispering, "There's more to us than meets the eye – the magic lies in the mundane!" The figure illustrates the striking alignment between the two variables and serves as a visual testament to this unexpected relationship, leaving even the most serious of data analysts with a raised eyebrow.

In summary, our results unfurl a captivating narrative of how the diligent acts of household maintenance may intertwine with the fate of a high-flying stock like Netflix. This illuminating discovery not only sheds light on the intricate dynamics of economic phenomena but also invites a jovial contemplation of the unlikeliest of correlations in the realm of finance. The stage is set for a new wave of speculation, where the stock market meets the humble home – a true tale of "nail-biting" economics.

5. Discussion

The findings of this study provide substantial support for the existence of a compelling and unexpected relationship between annual US household spending on home maintenance and Netflix's stock price (NFLX). The results mirror and also extend the quirkiness documented in the literature review, where seemingly unrelated variables form an uncanny bond reminiscent of a modern-day odd couple. This correlation, with a staggering coefficient of 0.9738290 and a p-value akin to discovering a rare coin in your change, underscores the potential impact of mundane domestic activities on the financial markets. It's as if a leaky faucet in Ohio could trigger a spike in Netflix stock prices in California, reminiscent of a synchronized dance across the country.

Our study not only joins the chorus of previous research highlighting unexpected correlations but also serves as a lighthearted testament to the capricious nature of economic phenomena. The strong r-squared value of 0.9483430 underscores the remarkably high level of predictability in Netflix's stock price attributable to variations in home maintenance spending. It's as if the financial markets have a penchant for household orderliness, rewarding diligent broom wielders and savvy screw-tighteners with a red carpet of stock market returns.

The scatterplot (Fig. 1) visualizes this unlikely romance between household maintenance and Netflix's stock price in a manner reminiscent of a Rom-Com movie poster – the mismatched couple that defies all odds. This tangible representation of the relationship is a poignant reminder that, even in the world of economic analysis, there's room for whimsy and unexpected plot twists.

The exquisite alignment of our results with the existing literature is a profound reminder that economic relationships can often spring from the unlikeliest of places. It's as if the mundanity of domestic upkeep has donned a cape and mask, emerging as an unlikely hero in the financial theatre. Much like a classic comedy duo, the household maintenance and Netflix's stock price dance in an intricate choreography that leaves scholars and investors alike pleasantly surprised, if not slightly bemused.

The implications of these findings are not to be taken lightly, as they challenge traditional economic wisdom and encourage a reevaluation of the seemingly mundane behaviors that may hold sway over the financial markets. They also beckon a jovial contemplation of the unexpected correlations in the labyrinth of economic forces. In conclusion, our study whimsically uncovers a new frontier in economic analysis, reminding us that in the grand theatre of finance, even the most unconventional relationships deserve a standing ovation.

6. Conclusion

In conclusion, our research has uncovered a surprisingly robust and statistically significant correlation between annual US household spending on home maintenance and Netflix's stock price (NFLX). It seems that while households are busy tightening screws and fixing leaks, they may also be inadvertently boosting the fortunes of their favorite streaming service. Who would have thought that a well-maintained porch could lead to a surge in stock prices?

The strength of the correlation coefficient and the explanatory power of the r-squared value emphasize the striking relationship between these two seemingly disparate factors. It's as if the financial markets are applauding every household that diligently tends to its upkeep with a surge in stock prices for their chosen streaming platform.

As we wrap up this lively exploration, it's evident that there's more than meets the eye when it comes to the intersection of household behavior and stock market shenanigans. The correlation we've unveiled is a reminder that beneath the surface of economic trends, there may lie unexpected forces at play – a bit like finding a secret bonus level in an old video game.

Ultimately, this study challenges traditional economic wisdom and urges a more lighthearted view of the interplay between the nitty-gritty of household maintenance and the enigmatic fluctuations of the stock market. No more research is needed in this area; our findings are as solid as a well-constructed bookshelf. It's time for economists and investors to embrace this quirky connection and add a new twist to the storyline of financial analysis. After all, who doesn't love a good surprise ending in the world of economics?