

# The “Cup of Joe” Report

**Ikea is moving its print catalog to Pinterest:** “Ikea created a product questionnaire built into Pinterest to learn what users were shopping for, what furniture styles they were interested in and other insights into their personal tastes. From there, users could either let Ikea fill an automated Pinterest board based on their responses, or browse through recommended products and build their own boards. All pins in the program were linked to product and catalog pages on the Ikea site. After launching last August, Longarzo said that 25,000 Pinterest boards have been created using the tool, and the questionnaire had a four percent completion rate.”

## POLICY

**President Trump and the US Chamber of Commerce** are not getting along as well as they used to: “President Trump and the nation’s leading business lobby escalated a public tiff when a senior US Chamber of Commerce official criticized his use of tariffs, and Mr. Trump responded by threatening to drop his membership in the organization. Myron Brilliant, the Chamber’s executive vice president and head of international affairs, appeared on CNBC Monday morning and complained that Mr. Trump’s ‘weaponization of tariffs’ doesn’t make for good trade policy.

“Mr. Trump responded by calling in to the CNBC show and attacking the Chamber and Mr. Brilliant. Calling him ‘not so brilliant,’ the president said tariffs have helped him work toward more favorable trade deals for the US. ... ‘When you look at it, the Chamber is probably more for the companies and the people that are members than for our country,’ Mr. Trump said.”

## E-COMMERCE

**Amazon wants to facilitate your subscription business:** “Subscription models are no simple business: The cost of customer acquisition, customer fatigue and churn are hurdles for growth. Now, that difficulty to scale is bringing direct-to-consumer brands and Amazon closer together. Within Amazon’s 100-million-person strong Prime subscription program is a burgeoning collection of sub-subscriptions: a collection of product replenishment models that build repeat purchases and recurring revenue into Amazon’s bustling ecosystem.

“Amazon’s subscription programs, including Subscribe and Save, for lower-margin replenishment items like toilet paper, The Subscription Box store, which includes BarkBox as well as Allure Beauty, Fancy Socks and GQ boxes, plays a role in two of the retailer’s overarching goals: To drive profitability in its retail business and bring more customer-loved brands into the fold. Boxes cost the same on Amazon as they do on brand’s sites—a BarkBox monthly subscription, for example, is \$29 on BarkBox.com and Amazon, but BarkBox offers different prices at different delivery cadence. Amazon’s value, then, is in the ease of use: Prime members have payment and delivery preferences already set.”

**Meanwhile, Amazon will shut down its Restaurants food delivery service at the end of June:**

“The company still delivers groceries from Whole Foods via Prime Now in nearly 100 US markets. The closure of Amazon Restaurants after investing serious time and money in the service is a rare retreat from the e-commerce behemoth. The competition is fierce in the food delivery market, with companies such as Uber, Grubhub, and DoorDash seeing big growth in recent years. Those three companies combined hold more than 75 percent of the US food delivery market share.”

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## MANAGEMENT

**Founder of Linear Air Taxi Bill Herp** discusses how one critical decision [saved his private flight company](#) after an important supplier buckled during the 2009 financial crisis: “We had already built a reservation system for our clients. And from the beginning, we had assigned the planes we'd bought to individual investors. So we went to those investors and said, ‘We have an idea: You can have the airplane and the keys—or, if you'd like, we can continue to manage it for you, and hopefully you can get some value out of it.’ We told them we could spin out the platform we'd built into a new entity in which they'd all own common stock.

“All of them agreed. We pivoted away from chartering planes and into a marketplace business in which we take a percentage of each transaction. We essentially transitioned the investors from individual lessors into managed-aircraft clients. We told our pilots they were no longer full-time employees and were now independent contractors. We outsourced our airplane maintenance. We transitioned our internal computer reservation system into a marketplace platform.” The company has handled 1,100 bookings this year.

## OXFORD STRATEGIC ADVISORY'S DEALS OF THE DAY

**Sweet green**, a fast-casual salad chain has [acquired Galley Foods](#), a meal-delivery service. This is the first acquisition for the company that reached unicorn status in November of 2018. “Galley also brings to the table what Sweet green CEO Jonathan Neman called ‘unparalleled insight into delivery’ in a recent press release. The acquisition gives Sweetgreen access to Galley’s logistics technology as well as its abilities around live courier operations.”

## VENTURE CAPITAL

**Modern Fertility**, a developer of a personalized fertility test, raised \$15 million in a [Series A Round](#).

**SpotOn**, a developer of a cloud-based system that helps companies drive growth, raised \$40 million in a [Late Stage VC Round](#).

**Welcome**, an application that provides a spontaneous approach to traveling, raised \$1.2 million in a [Seed Funding Round](#).

## STARTUPS

**Fintech startups are targeting Millennials with social-investing apps**: “More than any previous generation, Millennials are likely to invest in companies that mesh with their social and political concerns—from clean energy to gender equality to water conservation. Some 77 percent of high-net-worth Millennials currently own or are interested in so-called impact investments, according to a 2018 survey by Bank of America. Now a wave of startups is rushing to capitalize on the trend by offering the mobile-first generation a host of new financial-tech products that cater to their social-investing preferences. ...

“Thematic investing isn’t riskier. The reason people say that is because they have a hard time separating a fad from a structural shift in the economy,” says Hardeep Walia, founder and chief executive of Motif, a thematic-investing platform founded in 2010 that today has more than 300,000 users. It offers around 180 portfolios aimed at specific trends, such as genomics and 5G technology. In 2017, it added an offering focused on the environment, labor rights and corporate governance. The environment is the most popular theme among Millennial investors.”

**Broadway is thriving right now**, but that’s not stopping two veteran producers from [attempting to wring untapped money from streaming](#): “Bonnie Comley and Stewart Lane are the founders of BroadwayHD, the first major dedicated streaming service for live theater. Essentially, Comley and Lane are seeking to bring Broadway into the next decade, whether it wants to go there or not. ‘Netflix

and Hulu and everyone else have aggregated movies and TV shows,' said Lane, Comley's husband and producing partner. 'We think it's worth gathering a different kind of entertainment in one place.'

"After creating the service six years ago, Comley and Lane have recently been ramping it up. For a monthly price of \$8.99, BroadwayHD now offers more than 300 shows and 750 hours of programming, available on a variety of digital platforms including Roku and Google Play. ... Comley and Lane's model is to foot the bill for many of its productions, then make their money on subscription fees. They say the company is a godsend for a terrestrial industry—both a marketing tool for faraway audiences and a viable business."

**Cinelytic is trying to use artificial intelligence to create the next summer blockbuster:** "Co-founder and CEO Tobias Queisser told CBSN Cinelytic can identify attributes that 'drive film performance.' In addition to casting, that can include a film's genre and whether a script is based off of a book or part of a successful franchise. He said the company then uses historical data and artificial intelligence to try to figure out how a film will perform.

"Let's say a producer comes to us and says, 'Hey, I really like these five or six actresses or actors for my lead. And then, you know, based on him or her liking them in the creative way, we can supplement that decision,' Queisser said. ... He said the company isn't taking jobs away from casting directors. Instead, he said his company is simply providing data. Film executives will still have to make the final decision."

#### ENTERTAINMENT

**In the race to have the top album on the Billboard charts,** musicians are "bundling" merchandise to go along with an album purchase. "Lately, many artists—and their record companies—have been trying to game the system of ranking musical hits by including free downloads of new albums with sales of concert tickets, clothing and other merchandise. Of the 39 titles that went to No. 1 last year, at least 18 were sold as part of ticket or merchandise deals. ... The trend has led to some puzzling outcomes. In 2018, a ticket deal helped a year-old Bon Jovi album return to the top spot. And four months ago, the Backstreet Boys, a group that had not stood on the chart's summit since 2000, opened at No. 1 with its fifth album since then, 'DNA,' thanks again to a bundle for tickets to its summer tour. (The next week, 'DNA' plunged to No. 24.)"

And that's what's ahead.