Issue of the week: Netflix conquers the world

"Netflix's New Year's resolution was to become truly global," said Joshua Brustein in Bloomberg.com. And less than a month into 2016, the streaming-video juggernaut has accomplished its audacious goal. In a keynote address this month at the International Consumer Electronics Show, Netflix CEO Reed Hastings "flipped the switch" in 130 new countries, making Netflix available virtually everywhere in the world (with the notable exception of China). With the all-at-once expansion, Netflix execs hope to tear up the rule book that's governed how movies and TV have been distributed "since the invention of video cameras." Instead of arduously hammering out content rights on a country-by-country basis, Netflix will now work to "strike deals to stream content anywhere on earth." More broadly, the company will slowly stop tailoring its library to fit individual countries, and instead hopes to eventually offer the first online TV network "that's identical for viewers in Ireland, Israel, Iran, or Indonesia." In the process, Netflix's algorithms can "begin to train themselves on the viewing habits of the entire world."

That kind of global ambition has turned Netflix into "the most feared force in Hollywood," said Yvonne Villarreal and Meg James in the Los Angeles Times. For years, the entertainment industry saw Netflix as little more than a "scrappy vendor" of mail-order DVDs; when the company added online streaming in 2007, studios cheered the move as a way they could earn money on their older catalogs of movies and reruns. But these days, Netflix is a bona fide industry competitor, with plans to make 600 hours of original programming this year, on par with most major TV networks. "Many of Hollywood's most talented writers and producers take Netflix first," the New York Times. "Like Amazon before it, Netflix's business is so daring that it seems like it shouldn't work. It's spending billions to create and license content, without owning any of the pipes that take that content into people's homes. But also like Amazon, it is amassing huge amounts of data on what consumers want, and "it's using that data to create content that appeals to a wide range of demographics globally." More subscribers means more data, which means more money to spend on new content, and on and on until the company steamrolls the media landscape.

Netflix's devotion to data has "serious implications for the shows and movies it makes, and for how you watch them," said Brian Barrett in Wired.com. Take Adam Sandler's latest movie, The Ridiculous 6, which was universally panned. It happens to be "the most-streamed movie in the company's history." Sandler, as Netflix executives say, "travels well," at least according to the data, and the company is committed to developing shows that appeal to universal tastes—even bad ones. "Pleasing all of the people of all the time has never been a viable content model. Then again, no one's ever had near-infinite chances to get it right."

Workplace perks ruin creativity

Eric Weiner
Los Angeles Times

Our obsession with fun office spaces is killing our creativity, said Eric Weiner. All across corporate America, "senior motivational pooh-bahs" are deciding that their firms are not innovative or creative enough and blindly falling prey to the "Silicon Valley fad" of endless perks, dishing out free food, Ping-Pong tables, nap zones, beanbag chairs, and more. Make the office fun and comfortable, goes the thinking, and then step back and "watch the sparks fly." But while well-meaning executives might believe a lack of obstacles leads to more innovation, "considerable evidence suggests the opposite is true." What drives creativity is "discomfort, and even a degree of hardship." One classic Texas A&M study asked participants to create an art project with varying amounts of material. Researchers found that the "most creative work was done by those with the fewest choices—that is, with the most constraints." Consider also that "genius doesn't require paradise": Albert Einstein wrote the theory of relativity at a shabby kitchen table; Steve Jobs tinkered in a garage. The problem with the beanbag chair—and all it represents—is "it provides us nothing to push against, and that is when we are at our most creative."

An economy no one understands

Nelson Schwartz
The New York Times

Confused about the true state of the U.S. economy right now? Join the club, said Nelson Schwartz. Everywhere you look, there's a "divergence in the data," telling a different story depending on your perspective. "Think of it as the looking-glass economy." The stock market is sinking, but car sales are at record highs. Bidding wars for tech talent are reported next to major layoffs at giants like Morgan Stanley and DuPont. GDP growth is lackluster, but hiring is the strongest it has been in more than a decade. The explanation for all this "dissonance" may lie in part "in the changing nature of the American economy." The once dominant manufacturing and energy sectors represent a small fraction of the U.S. job market, but still account for a big chunk of the nation's economic output. So when these sectors are weak, as they are now, GDP growth takes a hit even if hiring does not. Meanwhile, more-domestic industries, such as restaurants, health care, and other business and professional services, are thriving, providing a critical buffer against "growing turbulence overseas." But even that fact is open to interpretation, with some analysts asserting that strong hiring in services masks troubling stagnation in productivity gains. Trouble is, nobody knows who is right.