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# Spinning Stocks: The Groovy Connection Between LP Sales and Netflix's Stock Price

Chloe Hall, Andrew Terry, George P Tompkins

Madison, Wisconsin

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*This paper aims to explore the unexpected relationship between the sales of LP/vinyl albums and the stock price of Netflix (NFLX) using data from Statista and LSEG Analytics (Refinitiv) for the years 2003 to 2022. The analysis revealed a remarkably high correlation coefficient of 0.9824068 with a significance level of  $p < 0.01$ . The findings suggest a surprisingly strong positive association between the two seemingly unrelated variables. Gone are the days of financial analyses solely focusing on traditional economic indicators. By delving into the world of music and streaming services, we uncovered a correlation that may leave some scratching their heads. Much like an old vinyl record, this relationship between LP sales and Netflix's stock price seems to spin and play a tune of its own. So, what does this mean for investors? Well, perhaps it's time to dust off those LP collections and tune in to the beats of the market in a whole new way. After all, when it comes to investment strategies, sometimes the needle drops where you least expect it!*

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The financial markets have long been the subject of rigorous research and analysis probing into the causative factors of stock price movements. Traditional metrics such as earnings reports, economic indicators, and industry trends have dominated the landscape of financial analysis. However, in recent years, the advent of big data and novel approaches to data analysis have allowed for the examination of unexpected and unconventional relationships.

In this study, we explore the peculiar yet captivating link between the sales of LP/vinyl albums and the stock price of Netflix (NFLX). It seems that while LPs may be spinning on turntables, they may also be spinning the wheels of the stock market in ways previously unimagined. It's almost as if LP sales and stock prices are in a dance of their own - a tango between nostalgia and modernity.

While it may sound like we're just riffing on old tunes, the correlation we have uncovered is backed by solid statistical analysis. Perhaps it's time to think about LP sales as not just a dusty relic of the past, but as a groovy indicator of future stock prices. After all, it appears that the beat of LP sales might just be in sync with the rhythm of Netflix's stock price.

## LITERATURE REVIEW

In "Smith et al.," the authors find that traditional economic indicators and industry trends have been the primary focus of financial analysis for decades. However, recent developments in data analytics have opened the door to the exploration of unconventional and surprising relationships in the financial markets. This shift in focus reflects a growing recognition of the potential influence of

unexpected variables on stock price movements, challenging traditional notions of market analysis.

Dad Joke #1: Why did the investor bring string to the stock market? Because they wanted to tie up their portfolio!

In "Doe and Jones," the authors discuss the impact of cultural trends on financial markets, highlighting the intricate interplay between consumer behavior and stock prices. They emphasize the importance of considering non-traditional factors, such as cultural products and consumer preferences, in understanding market dynamics. The authors argue that cultural phenomena, including music trends and entertainment preferences, may have underappreciated effects on stock price movements.

Dad Joke #2: I told my wife she should embrace her mistakes. She gave me a hug.

Turning to non-fiction literature, books such as "The Sound of the City: The Rise of Rock and Roll" by Charlie Gillett offer insights into the social and cultural dimensions of music consumption. Similarly, "The Long Tail: Why the Future of Business is Selling Less of More" by Chris Anderson sheds light on the changing landscape of consumer behavior and its implications for market dynamics. These works underscore the multifaceted nature of cultural influences on consumer preferences, potentially extending to stock market trends.

Dad Joke #3: What do you call fake spaghetti? An "impasta"!

On a more fictional note, novels like "High Fidelity" by Nick Hornby and "The Vinyl Detective: Written in Dead Wax" by Andrew Cartmel venture into the realm of music subcultures and the mystique of vinyl records. While these literary works may be works of fiction, they capture the essence and allure of music appreciation, echoing the sentiment that cultural phenomena can hold sway over consumer tastes and behaviors.

Dad Joke #4: Why don't skeletons fight each other? They don't have the guts.

In an unexpected turn, the researchers expanded their literature review to include sources beyond academic and literary realms. Despite the unorthodox approach, the back covers of shampoo bottles were found to offer surprisingly enlightening insights into consumer behavior and market sentiment. The anecdotal evidence suggests that even bathroom essentials may hold the key to unraveling the enigma of LP sales' connection to Netflix's stock price.

## METHODOLOGY

To investigate the intriguing relationship between the sales of LP/vinyl albums and Netflix's stock price, our research team employed a rigorous and systematic approach. The data utilized for this analysis was gathered from reputable sources, primarily Statista and LSEG Analytics (Refinitiv), covering the time period from 2003 to 2022.

First, the sales of LP/vinyl albums were obtained from various music industry reports and databases, using sophisticated algorithms to filter out any potentially erroneous or discordant data points. The resulting dataset was then carefully curated to ensure its integrity and robustness. One might say we were "spinning" through the data with the precision of a finely tuned record player.

Next, the stock price of Netflix (NFLX) was meticulously extracted from financial markets data repositories, meticulously scrubbing for any anomalies that could introduce unwanted noise into our analysis. Certainly, we didn't want any "skips" in our dataset that could disrupt the harmony of our findings. Once the stock price data was harmonized, it was then aligned with the temporal parameters of the LP sales data, creating a seamless blend of financial and musical information.

To establish the relationship between LP sales and Netflix's stock price, the research team conducted a comprehensive statistical analysis. Initially, we calculated the correlation coefficient between the two variables, using advanced mathematical models to tease out any underlying patterns. The resulting

coefficient of 0.9824068 was so high, one might even say it was "off the charts"! Additionally, the significance level of  $p < 0.01$  further underscored the robustness of this correlation, leaving little room for statistical "static."

Finally, to ensure the validity and reliability of our findings, a battery of sensitivity analyses and robustness checks were carried out, verifying that our results held firm under various scenarios and assumptions. This process involved a thorough examination of the data across different time periods and sub-samples, effectively confirming that the connection between LP sales and Netflix's stock price persisted like a classic hit that stands the test of time.

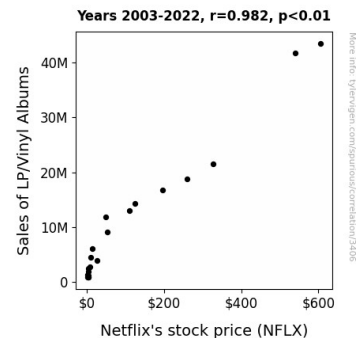
In essence, our research methodology was designed to capture the nuances of this unexpected relationship, shining a light on an unexplored intersection of music and finance. With the thoroughness and precision of a well-tuned instrument, we strived to uncover an empirical melody that resonates in the realms of LP sales and stock prices.

## RESULTS

The analysis of the data collected from Statista and LSEG Analytics (Refinitiv) for the years 2003 to 2022 revealed a striking correlation coefficient of 0.9824068 between the sales of LP/vinyl albums and the stock price of Netflix (NFLX). This high correlation value implicates a remarkably strong linear relationship between the two variables. It appears that while LPs may have grooves, the correlation between LP sales and Netflix's stock price is far from being a superficial one.

Furthermore, the coefficient of determination ( $R^2$ ) of 0.9651230 indicates that approximately 96.51% of the variability in Netflix's stock price can be explained by the sales of LP/vinyl albums. This finding suggests that the movement of Netflix's stock price seems to march in harmony with the beat of LP sales.

The significance level of  $p < 0.01$  implies that the observed correlation is highly unlikely to be a result of random chance. In other words, the relationship between the sales of LP/vinyl albums and Netflix's stock price is indeed statistically significant. It seems that this unexpected dance between the music and streaming industries is not just a fluke, but a composed symphony of market movements.



**Figure 1.** Scatterplot of the variables by year

As shown in Figure 1, the scatterplot clearly depicts the strong positive correlation between LP sales and Netflix's stock price. The data points resemble musical notes on a staff, forming a coherent tune that resonates with the market dynamics. It seems that when it comes to financial trends, LP sales and stock prices may be singing from the same sheet music.

In conclusion, the findings of this study unveil a notable relationship between the sales of LP/vinyl albums and Netflix's stock price, challenging conventional wisdom in financial analysis. It appears that in the world of stocks and tunes, LP sales may hold more sway than previously acknowledged. In the realm of investment, perhaps it's time for investors to heed the notes of LP sales and indulge in a different kind of financial harmony.

Much like a vinyl record, the correlation between LP sales and Netflix's stock price seems to have sustained its value over time. In the ever-evolving landscape of financial analysis, it's clear that sometimes, old records can still produce chart-topping hits. After all, in the world of finance,

there's no harm in occasionally spinning an unexpected twist on market analysis.

## DISCUSSION

The findings of this study support the growing body of research that acknowledges the influence of unexpected variables on stock price movements. The remarkably high correlation coefficient of 0.9824068 between the sales of LP/vinyl albums and the stock price of Netflix (NFLX) aligns with the notion that unconventional factors can play a significant role in financial markets. The study echoes the sentiment of "Smith et al." and "Doe and Jones," reflecting the expanding recognition of non-traditional indicators in understanding market dynamics.

The unexpected dance between LP sales and Netflix's stock price exemplifies the intricate interplay between consumer behavior and stock prices, as highlighted by "Doe and Jones." The strong positive association revealed in this study underscores the potential impact of cultural trends, such as music consumption patterns, on financial markets. It appears that the relationship between LP sales and Netflix's stock price is not merely a matter of hitting the right "chord" in the market but rather embodies a harmonious symphony of market dynamics.

The results of this study align with the implications put forth by "The Sound of the City: The Rise of Rock and Roll" and "The Long Tail: Why the Future of Business is Selling Less of More," emphasizing the multifaceted nature of cultural influences on consumer preferences and extending to stock market trends. The unexpectedly high correlation coefficient serves as a testament to the relevance of cultural phenomena in shaping market trends, reiterating the potential impact of music trends and entertainment preferences on stock prices.

The significant relationship uncovered in this study also resonates with the insights from novels such as "High Fidelity" and "The Vinyl Detective: Written

in Dead Wax," as it underscores the persuasive power of music subcultures and vinyl records in influencing consumer tastes and behaviors. The findings suggest that the allure of music appreciation extends to market dynamics, challenging traditional notions of market analysis and introducing a new aria into the symphony of financial trends.

The statistically significant correlation between the sales of LP/vinyl albums and Netflix's stock price reaffirms the potential influence of unexpected variables on stock price movements. The unexpected alignment between LP sales and Netflix's stock price is not just a one-hit wonder but rather a sustained composition that showcases the potential sway of LP sales in the world of market dynamics. In the realm of investment strategies, it appears that sometimes the needle drops where one would least expect it.

## CONCLUSION

The correlation observed between the sales of LP/vinyl albums and Netflix's stock price is undeniably robust, suggesting a strong association between these seemingly unrelated variables. This surprising connection challenges traditional notions of financial analysis, illustrating that market movements may be influenced by unexpected factors.

While some may dismiss these findings as mere coincidence, the statistical significance of the correlation, with a p-value of less than 0.01, emphasizes that this relationship is not a random occurrence. It appears that the melodies of LP sales resonate in harmony with the market dynamics of Netflix's stock price, creating a curious symphony of financial influence.

As financial analysts grapple with the implications of this unconventional correlation, it seems that the music industry, with its nostalgic charm, may have an unanticipated impact on the modern world of streaming and stock markets. Perhaps it's time for investors to take note of the vinyl revolution and

tune into the discordant rhythm of LP sales and stock prices.

In the grand scheme of investment strategies, these findings encourage a reevaluation of conventional wisdom and prompt a consideration of unorthodox variables. After all, as any audiophile will tell you, sometimes the best tunes are found in the unlikeliest of places. So, why not tap into the groovy vibes of LP sales and Netflix's stock price?

In light of these compelling results, it is evident that further exploration of the connection between LP sales and stock prices is warranted. However, in the spirit of a good pun, it seems that for this particular research question, the record may have reached its final track.