

DALHOUSIE UNIVERSITY
MEC PROGRAM

ECMM 6000

Assignment 3 - APIs and Data Processing using Python

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Section 1: Analyzing the Twitterverse

- ✓ The **Python code** text file and the **Tweets CSV** file are included in the ZIP folder with this file.
- ✓ **Github** link to the Python code :
<https://github.com/ghadaasiri/ECMM6000-a3/blob/master/Ghada-asiri-a3-code.py>
- ✓ Here is the result after running the code:

```
c:\Python27\Scripts>python a3.py
Name: Citron Research
Location: Los Angeles, CA
Description: Citron Research has been publishing columns for over 15 years, making it one of the longest-running online
stock commentary sources.
id: 236953420
tweets
437974153073659903
200
...311 tweets downloaded so far
...311 tweets downloaded so far
tweets
927945770082471936
200
...400 tweets downloaded so far
...600 tweets downloaded so far
...800 tweets downloaded so far
...1000 tweets downloaded so far
...1200 tweets downloaded so far
...1400 tweets downloaded so far
...1600 tweets downloaded so far
...1800 tweets downloaded so far
...2000 tweets downloaded so far
...2200 tweets downloaded so far
...2399 tweets downloaded so far
...2599 tweets downloaded so far
...2799 tweets downloaded so far
...2999 tweets downloaded so far
...3199 tweets downloaded so far
...3225 tweets downloaded so far
...3225 tweets downloaded so far
most popular tweets of citron research are: "$FB $320 billion being disrupted fast. Engagement loss has just started.
#disruption how fast do things change. https://t.co/FrbWBks70J" with a retweet count of 1711
c:\Python27\Scripts>
```

Section 2: Explaining the Case

Andrew Left has described Shopify in his Youtube review as “worse than Herbalife” (Left, 2017). In order to understand what he meant by that we need to take a look at the Herbalife scandal first. Herbalife, is a global company that is specialized in developing, marketing, and selling nutrition and weight management supplements (Thielman, 2016). Herbalife is a multi-level marketing business. In other words, they sell their products by using independent distributors, and these distributors are free to hire other distributors to work under them. (Herbal Drive, 2013). In 2013, Herbalife was accused of being a “pyramid scheme” by the billionaire investor Bill Ackman. His claims were that, Herbalife business model (multi-level marketing) is targeting people that are financially unsophisticated, and it is focusing more on recruiting distributors that actually selling their products (Herbal Drive, 2013).

According to Valentine (1998), “pyramid scheme” has many forms that is sometimes difficult to identify, but they always share an obvious feature. Companies in this context, promises people (investors) a high profit if they basically recruit other people (investors) to join the companies program. That eventually will form kind of a pyramid with the company at the head of it, and this is how the “pyramid” name occurred. The profit they make will be only from recruiting and not from selling the product to the public. The only selling will be primarily between the people inside the pyramid. Pyramid schemes are illegal by the Federal Trade Commission (FTC), because they simply cannot keep expanding, they will reach a breaking point and collapse, and when they do, most people (investors) in the pyramid will be badly affected, and sometimes they won’t be able to stand up again.

Now, going back to our case, Left is claiming that Shopify’s scheme is even worse than Herbalife’s one. He is wondering about the mystery 400,000 merchants that Shopify has, and arguing that these people are part of the pyramid that Shopify is building by advertising and selling for people the opportunity to “get rich quick” and “being millionaires”, which is bigger that what Herbalife did (Left, 2017).

As a reply, Shopify CEO Tobi Lutke called Left as a “short-selling troll” on Twitter. “Short-selling” is basically a term used in stock trading. It is “the sale of a security that is not owned by the seller, or that the seller has borrowed” (Investopedia, n.d., para. 1). Short-selling occurs when the security (stock) price is going to decline, and then buying it back at the lower

price to make profit. Since it is difficult to predict which stocks are dropping in price, and the risk of losing while short-selling is very high, short-selling is mostly performed by experts in the market. As for “troll”, according to Oxford Dictionaries (n.d.), it could refer to “a person who makes a deliberately offensive or provocative online post”. Now, one possible meaning of Tobi’s reply is that, Left is making these cruel accusations in order to influence the market, and hoping that this would result in a drop in Shopify’s stock price, so that he can incorporate a short-selling strategy to make a profit out of this share price decline.

In my opinion, Left’s allegations are not justified except for some of Shopify’s marketing techniques. For example, it is a bit deceiving that Shopify provides a sample resignation letter for their customers to encourage them to quit their jobs and become “millionaires”, and the FTC has actually prohibited a similar act that has been performed by Herbalife, when they encouraged their customers to quit their job and enjoy a luxurious life after joining Herbalife’s cycle. In addition to using influencers to market their “get rich fast” opportunities without disclosing that they are getting paid for this (Left, 2017). This could lead to unfortunate consequences for some innocent people if they actually believe these marketing claims, quit their jobs, and invest all of their saving to become a “millionaire”.

Other than these points, I think Left is just trying to make some noise, and negatively affect Shopify, and he might be a “short selling troll” as Tobi said. For instance, his allegation that Shopify is selling “drop shipping” opportunities to people. I do not see any misleading or unfair act in this. Millions of businesses are based on drop shipping, and many people that would like to start a small business may choose drop shipping because it is more convenient. In fact, I believe that Shopify has come up with a clever business idea that is to provide opportunities for small business owners with a decent e-commerce platform.

REFERENCES

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- Valentine, D. A. (1998, May 13). International Monetary Funds Seminar on Current Legal Issues Affecting Central Banks. *Federal Trade Commission*. Retrieved from. <https://www.ftc.gov/public-statements/1998/05/pyramid-schemes>