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**Last week: DJIA** 39512.84 ▲ 837.16 2.16% **NASDAQ** 16340.87 ▲ 1.1% **STOXX 600** 520.76 ▲ 3.0% **10-YR.TREASURY** (New Issue), yield 4.503% **OIL** \$78.26 ▲ \$0.15 **EURO** \$1.0773

## What's News

### Business & Finance

- ♦ With the first-quarter earnings season nearly over, companies whose profit has fallen short of forecasts are being punished more heavily than usual, and those that outperform aren't being particularly well rewarded. A1
- **♦ Consumer-facing** brands with spots to place have so far been disappointed in their hope that the rise of ad-supported streaming would compensate for the decline of traditional television. A1
- ◆ Six years after 2U was riding high on a \$5 billion-plus market cap and a fistful of contracts, the debt-laden education-technology company's valuation has plunged and it faces an existential crisis. A1
- ◆ Roughly 5,000 hourly employees at a Mercedes-Benz plant in Alabama were set to vote on whether to join the United Auto Workers. B1
- ◆ Workers at a unionized Apple retail store near Baltimore voted to authorize a strike as contract talks with the company continue. B2
- ◆ Ford hired Sherry House, formerly chief financial officer of electric-vehicle maker Lucid, to be its next CFO. B8
- ◆ Consumer prices in China edged up a modest 0.3% in April while factory-gate prices continued to decline. A18
- **♦ Competitors trying to** interpret Tesla's plans for its fast EV chargers sense a potential market opening, though there is no obvious No. 2 in the race to build a U.S. highway network. **B3**

### World-Wide

- ♦ Israeli troops pressed farther into Rafah and engaged in fierce fighting in previously cleared areas around Gaza City, showing the difficulty of winning a decisive victory over Hamas as a guerrilla force. A1, A8
- **◆** More seaborne migrants are reaching the U.S., with illegal entries or attempted entries by boat in California more than doubling over a three-year period, according to Customs and Border Protection. A3
- ♦ Justice Kavanaugh called for the Supreme Court to hear more cases, suggesting an increase to 75 annually from the 60 or so that have become the norm in recent years. A3
- ◆ Putin nominated an economist to succeed Defense Minister Sergei Shoigu, a longtime ally, in the most substantial shake-up to Russia's military command structure since Moscow launched its war on Ukraine. A18
- ◆ Nearly 60% of Argentines are living in poverty, up from 44% when Javier Milei was inaugurated as president in December, according to the Catholic University. A18
- ◆ Richard Slayman, the man who received a genetically modified pig kidney in an unprecedented transplant at a Boston hospital, has died. A6
- ◆ **Heavy rains and** mud flows from a volcano on the Indonesian island of Sumatra triggered floods that killed at least 37 people. A18
- ◆ Died: Roger Corman, 98, doyen of the B-movie. A2

### **JOURNAL REPORT**

Artificial Intelligence: Everyday work problems AI solves. R1-8

Arts in Review.....A13 Business & Finance..B2,8 Business News....B3,4 Closed-End Funds.....B7

Personal Journal A11-12 Sports.... U.S. News.... Heard on Street....B10 World News...... A8,18



### Far to the South, Northern Lights Dazzle



DESERT DISPLAY: A geomagnetic storm lit up the night sky above the desert outside Las Vegas over the weekend, as people as far south as Alabama and New Mexico were able to see the aurora borealis usually reserved for northern regions. A2

# **Brands Ditch TV Advertising** For Web as Audiences Shrink

By Suzanne Vranica

When Mondelez sought to promote a limited edition of its Oreo cookie this year, it did something that would have been unthinkable not that long ago: It didn't spend a dime advertising on TV.

The snack company had a simple reason for that decision. The people it was looking to reach—Gen Z members. multicultural audiences and households with children aren't watching enough televi-

"You have no single shows pulling together a big enough

audience like 'Friends' or 'Seinfeld' used to do," Jonathan Halvorson, global senior vice president of consumer experience at Mondelez, said of the current state of TV. And streamers such as Netflix aren't a perfect alternative: Their nascent advertising platforms charge too much and don't yet reach enough people, he said.

The maker of Ritz crackers and Sour Patch Kids candy is spending about 15% of its U.S. ad budget on TV this year, down from 42% three years ago. Halvorson said an additional 9% is going to streamthree-quarters of its ad spending will go elsewhere.

To promote its new Oreo Space Dunk, Mondelez turned to social-media sites such as Instagram and TikTok, Halvorson said. It also relied heavily on ads that appear where people already are in a shopping mood: the websites of large retailers, including Amazon.com and Walmart.

As streamers and TV networks move into one of their most important weeks of the year for selling ads, the move by Mondelez marks an important inflection point. TV com-

ing, meaning that more than mercials have long stood as the cornerstone of modern advertising. This dominance was owed, in part, to televisions's capacity to reach vast and diverse audiences through ads that leverage sound, sight and motion to evoke emotional responses.

These vast audiences aren't tuning in anymore.

"There is no longer that single lever you can pull," said Please turn to page A7

- ◆ Caitlin Clark is already the GOAT of TV ratings...... A14
- ◆ TV's upfront sales play like a rerun..

# Investors Dial Up Pressure On Firms' Earnings

Shares of companies missing forecasts fall, but overperformers see no outsize gains

By Hardika Singh

Wall Street is showing little patience for companies that don't live up to expecta-

With the first-quarter earnings season nearly over, companies in the S&P 500 are on pace to deliver a 5.4% jump in profits from a year ago, the biggest increase in nearly two years, according to

But those that fall short of investor forecasts are being punished more heavily than usual. Shares of companies that missed estimates have slid an average of 2.8%, compared with the five-year average of a 2.3% decline.

Meanwhile, companies that outperform aren't being given any special prizes. Those that beat analyst forecasts have seen their shares gain an average 0.9%, roughly in line with the five-year average of a 1% advance. That is according to FactSet data that looked at share prices in the two days before companies reported through the two days after.

"[The market] won't ask questions; it will just reduce valuations really quickly if you don't perform," said George Goncalves, head of U.S. macro strategy at MUFG Securities Americas.

Please turn to page A2

♦ Heard on the Street: Why the market volatility?... B10

# **Emerging Industry Strains Power Grid**

In fast-growing Georgia, electricity needs clash with green-energy goals

By David Uberti

ATLANTA—Bill Thomson needs power fast. The problem is that many of the other businesspeople racing into Georgia do too.

Thomson heads marketing and product management at DC Blox, which in recent years built a string of data centers in midsize cities across the fast-growing Southeast. The company more recently set its sights on Atlanta—the would-be capital of the region—joining a slew of tech and industrial firms piling into the state.

Vying for a piece of one of America's hottest markets, those businesses tend to have two things in common. One is that they represent a U.S. economy increasingly driven by advanced manufacturing, cloud computing and artificial intelligence. The other is that they promise to hoover up huge amounts of electricity.

That combination means Georgia's success in luring this development comes with a side effect: Power is a big source of tension. The clean-energy goals of compa-

Please turn to page A10

Stubbornly high rents are vexing the Federal Reserve as it tries to finish off its battle against inflation. A2

### Rental inflation indexes, change from a year earlier

- Consumer price index, rent
- BLS all tenant rent index Zillow observed rent index
- CoreLogic single-family
- rent index BLS new tenant



Sources: Labor Department; Zillow; CoreLogic

# Housing Costs Slow to Fade Seeking a Decisive Blow, Israel Pushes Farther Into Rafah

By Carrie Keller-Lynn AND ABEER AYYOUB

TEL AVIV—Israeli troops pressed further into Rafah and engaged in fierce fighting in previously cleared areas around Gaza City in the north, showing the difficulty of winning a decisive victory over Hamas as a guerrilla force.

More than 300,000 Palestinians have fled Rafah as the Israeli military expanded what it calls a targeted operation in the Gaza Strip's border city with Egypt. The worsening humanitarian crisis there heightens Israel's dilemma: The U.S. has warned against a

full-scale assault on Rafah, packed with more than a million civilians, but Israeli Prime Minister Benjamin Netanyahu has said Hamas's last fighting formations there must be defeated for "total victory."

Fighting also intensified in northern Gaza, where at least five Israeli soldiers were killed in recent days during clashes in a complicated urban environment where militants are re-establishing themselves. Israeli analysts say taking Rafah won't deal a decisive blow to Please turn to page A8

◆ Israeli television depicts a different war.....

### If Taylor Swift Can Dazzle Through the Tears, So Can You

Fans power through challenges at work, led by hit 'I Can Do It With a Broken Heart'

By Lindsay Ellis

If you relate to the lyric, "I cry a lot but I am so productive" you might be a cubicle dweller grinding through a Tuesday—or Taylor Swift dazzling tens of thou-

sands on a stadium stage.

A clear sign hustle culture is coming back is how quickly America's office set has glommed onto Swift's upbeat dance

Tortured poet hit, "I Can Do It With A Broken Heart," released in April as part of her 11th studio album, "The Tortured Poets De-

partment." The song made its

debut on the Billboard Hot 100 at No. 3. Etsy sellers are hawking sweatshirts and Tshirts with its lyrics. Self-identified "corporate

girlies" and "corporate Swifties" post TikTok videos singing in front of their computers.

The track, which describes Swift executing a record-breaking tour amid a breakup, also includes lines like "All the pieces of me shattered as the crowd was chanting 'more.'

Accounting manager and Swift fan Kaylene Butikofer's industry is far from the Please turn to page A10

# **Online Education Titan** Suffers Long, Steep Fall

By Melissa Korn

In May 2018, employees from education technology company 2U paraded through the streets of New Orleans, beads and booze abundant on their floats during a Mardi Gras-style procession.

They had plenty to celebrate. 2U, which joins with universities to bring degree programs and other classes online, had a market value topping \$5 billion and held lucrative contracts with schools including Georgetown University and the University of Southern California.

Six years later, the company is valued at roughly \$30 million and facing an existential crisis. Its balance sheet is crippled by \$900 million in debt, and some university leaders are looking for the exits. The company's executive

team is racing to reopen talks with lenders. 2U also said earlier this month it continues to cut costs and is on track for revenue to grow again next year, and highlighted new contracts and partnerships.

2U set out to revolutionize education, bridging the divide between for-profit online learning and highly reputable universities. But with shifting student interests and fierce competition—including from universities that realized they could hand much of the operation in-house-it has struggled to keep up.

The initial plan was simple: design, identify students for, and operate online courses Please turn to page A7

### **INSIDE**



### **PERSONAL JOURNAL**

Relationships get complicated when one spouse retires and the other keeps working. A11

### **BUSINESS & FINANCE**

Chicken prices are inflation hedge, as consumers look to cut costs at the table. **B1**