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Newsletter for Instructors

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Where Layaway Meets the Circular Economy: The Klarna–Poshmark Partnership

Use with Chapter 3, “Social and Mobile Marketing,” Chapter 6, “Consumer Behavior,” and Chapter 17, “Retailing and Multichannel Marketing”



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The concepts of layaway payments and resale markets might seem contradictory, but in today’s marketing landscape, they are joined in reality. When the buy now, pay later service provider Klarna debuted its strategic partnership with Poshmark, one of the biggest digital consignment retailers in the world, the two companies asserted that their collaboration actually represented a natural complement. In particular, both firms tend to attract similar segments of budget-conscious customers. Furthermore, both of them represent first-movers and innovators, which have largely reinvented what were once brick-and-mortar applications for the digital age.

According to Klarna, its goal is to help streamline the circular economy, by facilitating the behaviors that many Poshmark sellers already exhibit. That is, experienced resellers often scour the site, in search of products that are listed at low prices by inexperienced original sellers who

do not recognize the value of the items they are listing. The experienced seller then goes on to relist the product at a higher price, sometimes mere moments after purchase. The difference, for savvy resellers, can be a tidy profit.

Such practices are notably unlike traditional consignment markets, such as thrift stores. Digital platforms and quick shipping capabilities enable items to switch ownership multiple times in a short span of time. Efficiency is thus a priority, but for the experienced resellers, the business model can demand a lot of time and effort, much of it quite repetitive. They need to monitor the site constantly to snap up good deals, and then they need to write brand new listings for each product, take new photographs of the items, and measure each part for fit.

It’s at this point in the circular economy that Klarna can introduce a novel opportunity. It grants its existing customers access to Poshmark purchase histories, including the images and listing information used by previous sellers. Therefore, rather than crafting new and appealing descriptions and shooting new glamour shots, they can repost existing content. Furthermore, eligible entries can be leveraged to create templates that then offer suggested wording for subsequent listings of similar items.

To attract first-time sellers to embrace both firms, registrants automatically receive \$10 in Poshmark store credit if they also are using Klarna. At the same time, Klarna shoppers are being newly exposed to Poshmark and its offerings.

The novel partnership offers further evidence of Klarna’s and Poshmark’s ongoing determination to achieve first-mover advantages. The resurgent popularity of thrifting first became evident more than a decade ago, but market forecasters predict that the worldwide resale market will continue to grow steadily, and furthermore, e-commerce platforms are predicted to account for the majority of such transactions. By the 2030s, the global consignment market is expected to be more than twice its current size. Especially as global economic anxieties persist, resale markets promise consumers a viable solution to access a wide selection of items, without having to rely on conventional supply chains. Even if they want to purchase the most expensive luxury products that appear on Poshmark, they can do so now, by spreading out the payments over time through Klarna.

Notably, seemingly in an attempt to capitalize on Poshmark’s and Klarna’s shared appeal to consumers of digital-first generations, they announced their partnership right before a back-to-school season, when young parents and college students were likely to be looking for a lot of clothing items but had little cash to spare.

Discussion Questions

1. Have you ever used a buy now, pay later service? What factors motivated your decision to do so at the time, and how do you feel about that experience in retrospect?
2. In addition to alleviating economic pressure, what are some of the benefits of consignment markets? Are there any costs?

Sources: Xanayra Marin-Lopez, “Klarna Users Can Now List Past Purchases on Poshmark,” Retail Dive, July 24, 2025; Liz Morton, “Poshmark Partners with Klarna to Streamline In-App Resale,” Value Added Resource, July 22, 2025, <https://www.valueaddedresource.net/poshmark-klarna-resale/>.

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Recommendation Frustration: When Algorithms Fail

Use with Chapter 3, “Social and Mobile Marketing” and Chapter 13, “Services: The Intangible Product”



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Recommendation algorithms have vastly altered how consumers choose a vast range of products, from digital entertainment, movies, and television shows, to books and music, to food delivery orders, to tourism options. Their impressive capabilities—based on their ability to integrate vast data about the consumers’ own prior choices but also the preferences of other, similar consumers—often enable people to discover new and appealing content, hidden gems, and options they never would have considered on their own. Yet as more and more service providers rely on algorithms to recommend purchases, and more and more consumers turn to them for ideas, their failures become more and more obvious too.

In a satirical essay, “Why Did the Algorithms Send Me Here?” Joe Queenan detailed a recent consumption experience involving a ticketing site. Having purchased tickets for a talk with a journalist, the site seemingly sprung to life, in his telling, offering well-placed recommendations for other events in his area. But none of those events had anything to do with the ticketed talk, nor any of his other interests.

Queenan chose not to name the platform in question, reflecting his broader point: Even when the algorithms fail, they have become so common and ubiquitous that, for many consumers, it is impossible to function in daily life without them. Thus, a new source of consumer friction and frustration has arisen in the algorithm age. The service failure that occurs when an algorithm is weak, overly general, or based on inaccurate criteria can create deep dissatisfaction.

Consumers have sought some workarounds. On Netflix for example, people have figured out how to reorient or reset their recommendation framework. In the former case, they prune their own search history. In the latter, they create an entirely new profile, which they use to select and watch particular content more intentionally. However, both solutions put the burden on consumers, rather than the algorithm or the service provider.

On other platforms, no such solutions seem available. For example, Goodreads offers book lovers a relevant platform for reviews and recommendations, but its results appear highly questionable. As many users have noted, the site tends to be “clunky and slow,” the available lists are often irrelevant, and the recommendations simply aren’t very good. Thus, the very name of the site seemingly makes a promise that it fails to achieve, reflecting the very essence of a service failure. Promoted as being expressly for bibliophiles, the site is ineffective in its advertised purpose. Yet visitors seem to keep coming back, in search of at least one good reading recommendation.

In a conventional market, we might expect consumers to reject the failed service and find an alternative. But rejecting algorithms altogether likely would represent a significant constraint on consumers’ experiences and enjoyment, which may be why they continue to function, poorly. Is the solution to the problem in the hands of consumers, or should the algorithm providers take the initiative to address the issue?

Discussion Questions

1. In your daily consumption, which recommendation algorithms do you use regularly? How effective is each of them, in your experience?
2. Answer the question that ends this abstract: Who is responsible for resolving the service failure created by poor algorithm recommendations?

Sources: Joe Queenan, “Why Did the Algorithms Send Me Here?,” *The Wall Street Journal*, April 5, 2025; Eli Becht, “How to Reset Your Netflix Algorithm,” *Pocket-lint*, October 18, 2024; Jonny Diamond, “The Problem(s) With Goodreads,” *Literary Hub*, September 5, 2019.

Calling Out Shein's Questionable Marketing Tactics

Use with Chapter 4, "Conscious Marketing, CSR and Ethics" and Chapter 19, "Advertising, Public Relations and Sales Promotions"



istockphoto / fizkes

When it was first introduced, the U.S. Federal Trade Commission's (FTC) National Do Not Call Registry radically altered the marketing landscape. It substantially constrained the entire telemarketing sector, by making it illegal to place unsolicited calls to consumers who had indicated their disinterest, by signing up for the registry. Today, annoying, unsolicited calls still might occur, but they are far fewer than was the case in the past.

This dramatic shift in the prevalence of telemarketing calls might explain the strong reactions of consumers in Indiana who accused the fast-fashion retailer Shein of sending them mass marketing texts, despite their presence on the registry, and despite never having given the retailer permission to bypass this status. These irritated consumers filed a class-action lawsuit, alleging that Shein was in violation of the Telephone Consumer Protection Act (TCPA). In particular, they cited three illegal acts

resulting from the mass market texts: an intrusion on people's seclusion, an invasion of their privacy, and a private nuisance.

The TCPA mandates that all retailers operating in the United States must honor the National Do Not Call Registry, and it clearly establishes that the burden of compliance is on retailers. They are the ones responsible for monitoring the registry and confirming that their practices adhere to the FTC's standards.

Perhaps the strength of the response reflects consumers' expectation that they can avoid nuisance calls. But we also might wonder if some of their anger has to do with the source of those calls. Shein has been involved in quite a few legal disputes, including allegations that it copies its clothing designs from other designers and thus violates their copyrights. Furthermore, federal agencies in the United States, Italy, and France have alleged that Shein willfully misrepresents its sustainability practices, such as when it claimed substantial reductions in the amount of microplastics in its clothing and the amount of textile waste it sent to landfills. An investigation by France's antitrust regulatory body led to sizeable fines imposed on the retailer.

This historical context adds some nuance to the current complaints. The sheer scale and range of misdeeds that Shein has been accused of raise consumer skepticism and a willingness to believe the worst. Maybe if another company sent mass texts, then apologized that it did so in error, people would believe it. But Shein's growing reputation for misleading communications undermines such goodwill, especially when its past actions indicate that direct monetary fines and losses represent the only incentive that can get it to clean up its act.

Discussion Questions

1. Should there be a standardized set of regulatory guidelines for all international companies to follow? Which regulations should be standardized? Privacy? Environmental? Which should be left up to each individual nation? Why?
2. Why would Shein continue to risk damage to its reputation? What benefits does it gain from engaging in such potentially illegal activity?

Sources: Laurel Deppon, "Shein Faces Class Action Lawsuit Over Marketing Texts," Retail Dive, July 15, 2025; Sara Traynor, "Privacy Bulletin: SHEIN SMS Violates Do-Not-Call Directive, Faces Class Action Lawsuit," Kaamel, August 18, 2025; "Fast Fashion Giant Shein Hit With Lawsuit Over Shady Marketing Tactics—Here's What You Need to Know," The Cool Down, August 8, 2025.

Ground Rules: How Should Retailers Set Store Policies?

Use with Chapter 4, “Conscious Marketing, Corporate Social Responsibility, and Ethics”



istockphoto / bo feng

Retailers set their own rules and store policies. But they also function in the presence of other rules, which actually remain unspoken and might be called norms or expectations of proper social etiquette. For example, a retailer might establish a standard that says the customer is always right but also insist that, for shoppers, you break it, you buy it. Different social norms support each of these standards, which can create a tricky situation for retailers. When damage occurs, should stores insist on holding customers responsible for the costs, or should they acquiesce and recognize that accidents happen, for which customers cannot be blamed?

Because no universal, simple solution exists, employees in the store often must navigate each situation in the moment, among the conflicting pulls

of social norms, good manners, and legal recourse. In such a situation, hypothetical cases can help establish some sense of potential resolutions, by outlining the various considerations that need to be addressed.

The humor writer John Hodgman offers just such insights, weighing in on the ethics of a low-stakes, nearly universally familiar shopping situation: the grocery store accident. That is, a grocery store shopper accidentally spills a carton of blueberries to the floor, after having paid for them. The shopper takes responsibility for the loss, cleans up the berries, and moves on, but his spouse wants to ask the store for a refund of the cost of the carton. Hodgman weighs the case through the lens of societal norms and agrees with the shopper that the responsible party is the one who should bear the cost of the damaged product.

But what if the spill happened before purchase? Should a shopper who drops a carton of blueberries be forced to pay for them, even though they will be unable to consume them? According to a legal advice site, the store could not have the shopper arrested for refusing to pay for something that has been accidentally damaged. An accident is not a crime. Nor may a retail location bar a customer from leaving until they pay for accidental damage. Doing so even might constitute false imprisonment, which is illegal.

Were a retailer really determined to be compensated for its loss though, it could take the clumsy customer to civil court, claiming negligence that resulted in loss. The exact criteria for negligence is ambiguous and depends on the situation. Furthermore, realistically, most store owners would not be willing to incur the expense and effort needed to recoup the cost of a carton of blueberries. The point though is that some avenue for recourse does exist, in extreme versions of this situation.

Despite their different views, these perspectives suggest a similar, underlying insight: Regardless of company policy, the outcome of any given situation likely will be determined by its unique details. Had the spouse been present during the initial interaction, and demanded compensation for the accidentally spilled blueberries, the store likely would have replaced the box, in the hope of placating a loyal customer, even without any legal requirement to do so, and even if its policy required the customer to take responsibility.

Furthermore, in this case, the shopper declined to request compensation and took responsibility for his mistake. The outcome was thus determined by the consumer, so neither the store nor its employees needed to make difficult decisions. But in another situation, with a less cooperative shopper, the choices made ultimately should take into consideration not only norms, laws, and store policies but also what is best for the business’s long-term profit.

Discussion Questions

1. What variations in this situation would make it the retailer’s responsibility?
2. How could similar hypothetical cases help retailers make decisions about other store policies? Describe a possible usage.

Sources: John Hodgman, “What Should Happen When You Spill Blueberries at the Store?,” *The New York Times*, July 11, 2025; “If You Break It, Must You Buy It?,” *FindLaw*, March 21, 2019.

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Form-Fitting Versus Baggy: The Athleisure Trends Dividing the Generations

Use with Chapter 6, “Consumer Behavior,” and Chapter 9, “Segmentation, Targeting and Positioning”



istockphoto / nicoletaionescu

There once was a time that dressing to exercise meant putting on clothes uniquely suited to the gym. If you were wearing sweatpants, you were exercising, and no one would dream of wearing sweatpants to grab lunch. But then athleisure trends took hold, while in parallel, technological advances in clothing materials introduced new, slimmer silhouettes. Thus, it became common to encounter people clad head to toe in Lycra or spandex, in nearly every arena of daily life.

Such casual apparel certainly has its appeal for many consumers, but the specific cuts associated with form-fitting gear do not sit, or fit, well with everyone. Embracing the goal of comfort, Gen Z is reinventing gym gear yet again, calling for baggier cuts, a wider range of options, and stylish alternatives that support their desire to make their carefully crafted look appear effortless.

Proponents of looser fits cite the sense of freedom they gain from deviating from prescribed athletic uniforms, as well as greater flexibility to take comfortable clothing from the streets to the gym without needing to change. Moving away from skin-tight clothing also supports ethical goals for greater inclusivity, and some feminists embrace the shift as a way to establish a clear rejection of the male gaze in favor of wearing whatever makes people comfortable, while doing strenuous physical activity.

Predictably, labels are taking note. Major brands have rushed to introduce new cuts and draping. Even Lululemon has slowly shifted away from its usual figure-hugging silhouette. But even as these trends are spreading, detractors claim the entire discourse is just one more reactionary pushback by Gen Z against all things Millennial. These users brought up Gen Z’s insistence on parting their hair in the middle rather than on the side, or preference for baggy jeans over skinny, both of which seemingly took hold overnight, and became a way for the younger generation to mock older Millennials.

As always, the echo chamber of social media has only amplified the discourse, making the voices on both sides of the conversation especially loud. But perhaps the solution is so boringly simple, it was easily overlooked: Everyone should just wear whatever they want.

Discussion Questions

1. Is the loose clothing trend likely to persist, after the initial discourse dies down?
2. How should brands like Lululemon, known for tighter silhouettes, adjust to changing trends? Should they completely pivot to cater to current preferences?

Sources: Madison Malone Kircher, “Millennials and Gen Z Are Fighting Again. This Time About Gym Clothes,” *The New York Times*, March 17, 2025; Destinee Scott, “Gen Z Is Ditching Millennials’ Favorite Workout Wear—Here’s What They’re Buying Instead,” *PureWow*, April 18, 2025; Kirsty Thatcher, “Leggings Are Out, Parachute Pants Are In: The Rise of Baggy Activewear,” *RUSSH*, August 29, 2025.

Is McDonald's Leaving Hong Kong, or Is It Doubling Down?

Use with Chapter 8, "Global Marketing"



istockphoto / TonyV3112

McDonald's caused a stir in Hong Kong, when it announced plans to sell eight of its most expensive properties. That reaction was nothing compared with its subsequent announcement that it would be selling all of its 23 owned retail locations in the region, valued at almost \$400 million. Was McDonald's abandoning Hong Kong?

Not quite. At the same time it indicated its intentions to divest its own operations, it announced plans to sign long-term leases in the exact same locations, such that each store could continue operations while undergoing a change in ownership, from McDonald's corporate to local affiliates. This strategic option, known as a sale-leaseback deal, usually gets adopted by businesses that need more liquidity. Seeking access to more cash, they trade off their property investments and thus gain more flexibility to spend.

But that explanation seems questionable when it comes to McDonald's, which would not be characterized as cash-poor or debt-laden. Thus, observers have predicted that, with the substantial revenue the corporation can generate from the sales of these expensive locations, it will undertake wider reinvestments into expanding its local footprint. That is, ironically, the divestment might mark the beginning of McDonald's expansion in Hong Kong, though this prediction remains speculation for now.

McDonald's reportedly already has sold several of the original eight offerings, including two locations in the coveted Kennedy Town and Mong Kok neighborhoods. Collectively, both properties cover about 14,000 square feet and fetched almost \$24 million. The buyer responsible for both transactions was said to be the same person.

Discussion Questions

1. Why might McDonald's have chosen this particular moment to convert its holdings into leases?
2. What additional factors should an international corporation take into consideration when making a decision about franchises in other countries?

Sources: "McDonald's Sells Kennedy Town, Mong Kok Shops for HK\$180 Million," The Standard (HK), November 11, 2025; "McDonald's to Sell 8 Hong Kong Retail Spaces Valued at \$153 Million, JLL Says," Reuters, July 28, 2025; Shawna Kwan and Venus Feng, "McDonald's Seeks to Sell \$153 Million in Hong Kong Store Space," Bloomberg, July 28, 2025.

Got Your Back: JanSport Wins with Corny Campaign

Use with Chapter 9, “Segmentation, Targeting and Positioning”



istockphoto / Jacob Wackerhausen

For students on the move, their backpacks become constant, indispensable companions, never far from reach. They function almost like a good friend, ready and able to offer up snacks, a spare pen to jot down ideas, the notes from last week’s class, gloves on cold days, and some tissues during cold season. Recognizing that a good backpack supplies all the critical tools, devices, food, and educational material a busy student might need over the course of a day, JanSport took the parallel step further, advertising its backpacks as anthropomorphized companions who are well-suited for preparing kids for the challenges of heading back to school each year.

One popular advertising spot featured animated backpacks that offered deadpan delivery, designed to keep students company during their toughest moments. One awkwardly delivered a cute song in a bathroom stall. Another offered sympathy during a breakup. The odd but emotionally resonant campaign resounded with students, such that consumer interest in JanSport skyrocketed. Measured by online traffic, it rose 65 percent; indicators of consumer engagement jumped 24 percent. And perhaps most important, brand sales increased more than 70 percent.

Thus, when the next year rolled around, JanSport doubled down on its advertising strategy. A television spot highlights two young adults entering an elevator, then riding to their respective floors in polite, awkward silence. Unbeknownst to the humans, their JanSport backpacks have come alive and joined in a corny, off-key duet. In conjunction with the cute campaign, JanSport expanded the available designs for its product offerings, introducing more fun and charming patterns, like leopard and other animal prints and tropical-seeming coconuts.

Although primarily designed for television campaigns, the ads can readily get uploaded as short-form videos for social media platforms like Instagram Reels. Such reactions were notably common among school-aged students, for whom the absurd, surreal quality of the comedic spots aptly matches their own sense of humor. Accordingly, following the elevator campaign, JanSport reported a nearly 400 percent annual increase in overall engagement with its brand.

It is not as if such appeal were obvious, honestly. For decades, JanSport has sought to establish its strong reputation on the basis of its good quality and value. Functional, often limited to solid, drab colors, previous generations of backpacks got the job done, without a lot of humor being evoked. Such a history makes the latest advertising campaigns even more remarkable, indicative of an innovative, dynamic effort to appeal to new generations of students. In adjusting to the needs, humor, and style preferences of young consumers, JanSport sends them a strong signal that it respects and aims to accommodate their preferences.

In this sense, its recent adaptations and marketing campaigns seem to be hitting all the right notes—even if the singing backpacks in its ads can’t.

Discussion Questions

1. Do JanSport’s latest campaigns authentically and effectively capture Gen Z’s humor?
2. Suggest next year’s back-to-school advertising concept for JanSport backpacks.

Sources: Jessica Hammers, “Why JanSport Revived Its Cringeworthy Back-to-School Ads to Reach Gen Z,” Retail Dive, July 16, 2025; David Gianatasio, “On Brand, Off-Key: JanSport Backpacks Sing Their Own Praises,” Muse by Clios, June 25, 2025; Diane Bradley, “Which Brand’s Back-to-School 2025 Campaign Is Your Favorite?,” PR Week, August 20, 2025.

Amidst the Retail Apocalypse, a New York City Mall Flourishes

Use with Chapter 9, “Segmentation, Targeting and Positioning,” and Chapter 17, “Retailing and Multichannel Marketing”



istockphoto / EarnestTse

Depending on the day, and the source making the claim, shopping malls are either destined for the trash heap of history, victims of the retail apocalypse, or else enjoying a resurgence and providing harbingers of the future. The story keeps changing. But perhaps the problem is trying to tell one story about the diverse range of locations and retail designs that malls can embody.

For example, a recent estimate notes that only around 950 shopping malls are still in existence in the United States today, and recent years have seen about 10 closures on average. Yet among the survivors, we find the Tangram Mall in Flushing, Queens, which has been growing vastly more popular in the recent past. Its location in a borough of New York City—not known for hosting large, indoor shopping spaces—makes this exception

especially noteworthy.

As might be expected, Tangram Mall is not a typical shopping destination. It was built purposefully and expressly to meet the needs of Flushing’s large Asian American community. All signs in the mall are printed in both English and Chinese. The featured restaurants and retailers include a large number of Asian franchises. The mall operators also actively seek out new tenants to expand its offerings. For example, a recent expansion announcement cited the arrival of a Chinese-Korean eyeglasses retailer, a Filipino baby store, a Chinese hairdresser, and a Japanese-inspired lifestyle brand.

Even as it purposefully meets the needs of this consumer segment though, Tangram Mall creates additional appeals to attract broader audiences too. Thus, in addition to its diverse, pan-Asian retail locations, the mall integrates popular cultural offerings. Many of the eateries feature all-night karaoke parties for patrons; some of the most popular options stay open until 6:00 a.m. the next day. The arcade inside Tangram evokes 1990s-era nostalgia, with neon lighting and rows of console games, but the prizes that players can win are effectively tailored to the current generation of consumers, aligned with their interests and preferences. Similarly, the Pop Mart store sells popular, widely coveted Labubu dolls, attracting youngsters from all over the city, in search of collectibles that are not available elsewhere.

Some even more recent additions to the mall suggest that Tangram is seeking to diversify even further, by adding a selection of non-Asian restaurants and stores. Still, these inclusions seem strategically designed, rather than random. A taco truck favorite, Birria-Landia, recently opened a stand in the mall’s food court. Sandwiched between Thai fusion and a modern take on the banh mi, the Mexican eatery’s modern, experimental menu functions like an interesting and tasty alternative, rather than a confusing distraction from the rest of the offerings.

Thus, for retail mall operators, Tangram Mall seemingly offers a valuable lesson and compelling example. They can survive, but they must be willing to design their offerings in a way that gets people excited to visit.

Discussion Questions

1. What is the advantage of likeminded businesses having a single mall venue to attract shoppers, as opposed to each of the retailers opening independent locations nearby?
2. How can other malls adopt some of these strategies, even if there is no clearly defined, specific demographic to which they want to cater?

Sources: Matthew Haag, “With Labubus and a Cat Cafe, a Shopping Mall Thrives in New York City,” *The New York Times*, July 23, 2025; Emma Orlow, “Taco Favorite Birria-Landia Is Opening Another Location,” *Eater*, April 16, 2024; “New Tangram Shopping Destination, Queens NYC Sign Four New Stores,” *Retail & Leisure International*, July 8, 2022.

Algorithm Movies and Gourmet Cheeseburgers

Use with Chapter 10, “Marketing Research”



istockphoto / gorodenkoff

A central, frequently touted promise of big data and advanced analytics is that they can personalize offerings so deeply and effectively that they offer each consumer precisely what that person wants at any given time. But observers of recent trends and directions in movie-making, especially by streaming platforms and content developers that rely on such big data, suggest the real outcomes have gone the opposite way, producing far more generic offerings that can apply to everyone.

Although many platforms might be involved in this development, Netflix—with its more than 300 million subscribers, global reach, cutting-edge recommendation algorithms, and vast production capabilities (e.g., it released more than

100 original titles in one recent year)—represents the primary source. Accordingly, it is home to a remarkable number of what might be called “algorithm movies.” These films feature storylines that are easy for viewers to follow, even if they might be doing household chores or browsing social media at the same time as they watch the movie. The sound is designed to be relatively flat, so that people can hear what’s happening whether they are listening through headphones, surround sound speakers, or their mobile devices. Visually, the colors are bright, and feature a lot of yellow (attention grabbing but not gendered), but the images offer a low contrast style. The actors featured tend to be generally appealing but not necessarily top-tier, award-winning stars.

Also known as ambient programming, such algorithm movies aim to appeal to anyone and everyone, regardless of their consumption situation or personal characteristics. Thus, they cannot precisely match any individual consumer’s preferences. In turn, their quality generally gets assessed as middling. They’re usually not terrible, but they also are not breaking any new ground or prompting a creative revival in film. In this sense, like a gourmet cheeseburger, the basic offering is familiar, comforting, and satisfying, offering slightly varied combinations of ingredients without ultimately altering the recipe.

Such content is based firmly and powerfully in the expansive data that Netflix gathers from tracking consumers’ watching habits. The company obtains an estimated 700 billion bits of data, produced by any interaction that a user has with the platform, every single day. Its analyses of these data inform its attempts to ensure the greatest number of consumers are watching the greatest number of titles over time, which it works to achieve by presenting viewers with recommendations and nudges to watch the same content.

In line with these uses of big data to inform content development, Netflix also gauges performance in unique ways that leverage its distinctive market research capabilities. Rather than traditional box office receipts, it counts the total viewing hours that all users devoted to a particular title, then divides that number by the title’s run time. Thus it obtains an average viewing rate that offers a precise indicator of the broad appeal of the content, though again without specifying why each viewer watched or what was uniquely appealing about it.

An ongoing question though involves what algorithm movies really reflect. Is the content getting generalized, because the content creators are seeking the widest audience possible? Or are consumers, who peruse movies while also doing other things, growing more bland in their preferences, such that they are seeking out the gourmet cheeseburger instead of more experimental fare?

Discussion Questions

1. Do algorithm movies represent an effective use of big data analyses? Why or why not?
2. How would you answer the questions that conclude this abstract?

Sources: Paul Hoad, “Bland, Easy to Follow, for Fans of Everything: What Has the Netflix Algorithm Done to Our Films?,” *The Guardian*, August 28, 2025.

Return to Sender: E-Commerce Deliveries Are Failing Customer Expectations

Use with Chapter 16, “Supply Chain Management”



istockphoto / Viktoriia Oleinichenko

Frustration with delivery mistakes, be it damaged goods, delayed service, or costly shipping rates, is a nearly universal experience. Yet consumer dissatisfaction with such outcomes seems to be on the rise, a trend that seemingly reflects consumers’ changing expectations more than it does service providers’ actions.

The very idea of free and same-day deliveries and the guarantee of no-hassle returns might be the norm today, but these remarkable service levels have become possible only recently. Older consumers know what it was like to wait weeks for delivery, expect add-on shipping charges, or get stuck with a less-than-perfect option because the return window had closed. But for Gen Z and younger cohorts, immediate, unquestioned, inexpensive service levels are all they know, and they’re simply not happy with any departure from those new norms.

Surveys indicate that approximately one-third of consumers, across generations, prioritize on-time arrivals over other features. That number jumps dramatically among Gen Z specifically, such that many of them demand quick access, citing it as an even greater priority than affordability. In turn, they express frustration with standard shipping options. For example, when retailers impose shipping costs, introduced only at the end of shopper’s purchasing process, it frequently induces frustration and cart abandonment. Furthermore, buyers complain about a lack of oversight by retailers that lack last-mile logistics capabilities, such that they cannot offer realistic guarantees of a seamless delivery process.

As a result of these increasingly intense and common expectations, many merchants have undertaken revisions to their logistics planning, in a way that can be deeply expensive and detrimental to their overall operations. These threats are especially notable for independent sellers operating in smaller, niche markets, like children’s toys or premium goods.

Yet they also recognize the threat of doing nothing and incurring consumers’ ire. Surveys indicate that, when subject to a delivery mishap, consumers tend to blame the retail merchant rather than logistics or shipping partners. For many shoppers, the logistics simply represent an extension of the seller’s customer service, because the seller is the one that chooses which delivery service to hire. According to this logic, it is ultimately up to the retailer to take responsibility for any delivery issues.

Objectively, and from the retailer’s perspective, such attributions and expectations might seem unreasonable. For consumers though, surprise shipping costs or delivery delays represent failures. These types of failures might prompt consumers to question their own purchase choices, which in turn can lead them into an emotionally precarious state. Their expectations are not met. Their purchase is not complete. They begin to distrust the entire interaction. When the resulting dissatisfaction grows substantial enough, the emotional aftereffects can be so intense that they undermine any sense of brand loyalty and the possibility of future purchases.

The implications for retailers are distressingly clear: They have to find a way to meet even the most unrealistic expectations that consumers develop and promise nearly perfect delivery, or else risk getting left behind.

Discussion Questions

1. What are some measures that retailers can take to minimize customer dissatisfaction and delivery mishaps, regardless of company size or oversight over the logistics process?
2. Why might consumers have transferred more blame for delivery mishaps to merchants?

Sources: Michael Brady, “Consumer Ire Over Delivery Mishaps Shifts from Shippers to Merchants,” Retail Dive, July 22, 2025; “E-Commerce Customer Satisfaction—Statistics & Facts,” Statista, December 17, 2025; Marina Mayer, “America’s Largest Online Retailers Experience Gap Between Consumer Expectations vs. Actual Delivery Service Results,” Supply & Demand Chain Executive, September 3, 2025.

Tidbits

Back Down to Earth: McDonald's Closes CosMc's

Use with Chapter 5, “Analyzing the Marketing Environment” and Chapter 12, “Developing New Products”

We previously presented a new product line introduction by McDonald's (see “Breaking New Ground: McDonald's Introduces a New Product Line”), called CosMc's, a chain of space-themed restaurants with smaller menus than conventional outposts of the fast-food chain. It sought to fill a gap in the market, positioned in between coffee shops and traditional fast-casual restaurants, that would meet younger consumers' desire for personalized options. But the experiment never took off, and within just a couple of years of opening its five pilot locations, CosMc's has come to an end. It's not all bad news though, for the company or consumers. McDonald's is using the information it gathered to introduce some of the more successful CosMc's menu items and preparation techniques into its regular stores. By leveraging this intense proving ground, McDonald's thus gained an opportunity to experiment with different store concepts, without threatening or undermining its core business.

Sources: Jordan Valinsky, “McDonald's Is Closing Down CosMc's, Its Beverage-Focused Spinoff,” CNN, May 24, 2025; Amanda Mactas, “McDonald's Is Closing All CosMc's Locations—Here's What You Need to Know,” Delish, May 27, 2025; Ashok Selvam, “CosMc's Falls From Orbit as McDonald's Will Close 'Beverage-Focused' Spin-Off,” Eater, May 27, 2025.