5 retail pitfalls and how to overcome them

Fast shipping doesn’t guarantee satisfaction, and scarcity doesn’t always improve margins. Refuting core retail beliefs.



March 6, 2026

Ship online orders as quickly as possible. Customers don’t mind receiving orders in batches. Motivate your salespeople with rankings. Some beliefs are so widely repeated in the retail world that they have acquired the status of gospel truth. But empirical evidence doesn’t always support these beliefs and sometimes openly contradicts them.

©IESE Business School

IESE Prof. Eduard Calvo has analyzed millions of transactions across a large pool of sellers to identify which operational levers optimize sales and under what conditions. His conclusions, recently presented in an IESE Alumni session, qualify — and in some cases discard — some of the sector's biggest myths.

1. Scarcity sells more — but causes more returns

Displaying scarcity messages such as "only 5 units left" in limited-time sales campaigns can increase online sales. A study done in collaboration with an online retailer confirmed this: Sales grew by 13.6% — but returns associated with those purchases increased by an even higher percentage.

Scarcity accelerates decisions, leading to impulse buys. When customers have to assume the costs of a return, margins are hardly affected, but when returns are free or almost free, profitability is compromised.

Not every sale is a good-quality sale. Before activating urgency levers, analyze your return cost structure and the impact on net margins.

2. Speed matters — but not always

It's no secret that fast delivery influences online sales. When a U.S. retailer opened a second distribution center, reducing delivery times for part of its customer base, it generated an organic sales increase of 3.8%, with approximately 1.5 additional percentage points for each day of reduction in delivery time.

But this effect isn't uniform. In a market where it was standard to receive an order in two days, a company that managed to reduce its shipping time from three to two days did boost sales, but delivering even earlier than promised didn't improve its ratings.

Deadlines should be met, but they don't need to be surpassed. Value can be gained by reducing late deliveries, not by bringing forward those that are already on time.

©IESE Business School

3. Cutting back on logistics saves costs — but can hurt sales

When Alibaba stopped working with SF Express, China's most reputable logistics operator, sales of the affected products fell by 15%. This confirms that logistics is not a peripheral cost but a central component of the online shopping experience.

Positive reviews of the service — not just the item — also increase the likelihood of future purchases. Cutting back on logistics quality can be more expensive than it seems.

4. Shipping items separately seems smart — but generates tension in customers' minds

Luxury fashion retailer Farfetch operates with products from various physical boutiques, often located in different countries. When a customer purchases several items online, they may receive them in separate deliveries or all together, depending on the logistics of each case.

This scenario raises a key question: Are consumers willing to accept a longer delivery time in exchange for receiving everything at once? The answer, according to research, is yes. Customers who received their products in a single consolidated shipment made fewer returns.

This phenomenon can be explained by the Zeigarnik effect: the psychological tension generated by unfinished tasks. Receiving the first package creates an expectation that is not resolved until the last one arrives. The longer the interval between the two, the greater the tension.

For retailers operating with multiple suppliers or warehouses, consolidating deliveries, even if it means a longer delivery time, can reduce returns and improve customer satisfaction.

5. Rankings can motivate salespeople — but destroy value

Do rankings contribute to improving productivity? Social comparison can act as a driver, but not always in the way intended. In an experiment in physical shoe stores, sharing real-time sales rankings with salespeople led to a 40% drop in sales.

©IESE Business School

At the same time, the average price of products sold rose by 7%, suggesting that salespeople prioritized sales of more expensive products, which are harder to close, in order to climb the rankings as quickly as possible, rather than selling what the customer wanted or needed.

Conversion rates fell and the gap between the best and worst performers widened significantly: Those who were already selling high-value products continued to do so.

When employees have discretion over their work, rankings change not only how much effort they put into it, but also what kind of decisions they make. If the indicator is not well designed, motivation can be geared toward “looking good in the photo” rather than maximizing long-term value for the business.

All these small operational interventions in scarcity, speed, logistics, shipment consolidation or incentives can influence consumer behavior in ways that are not always expected.

In retail, closing a sale is only half the job. The other half is not losing it a few days later to a return.

ALSO OF INTEREST:

Hurry! Only 3 left in stock! When scarcity signals are most powerful

Reducing returns in online shopping

How to build shock-resistant stores

Optimizing omnichannel: Not all sales are created equal



Eduard Calvo

Professor in the Operations, Information and Technology Department at IESE Business School. He is an expert on logistics, supply chain management and retail.

©IESE Business School