

Faculti Summary

<https://faculti.net/better-together/>

This video is a transcription of a discussion about a study on consumer preferences in e-commerce, particularly regarding delivery methods. The speaker highlights the challenges retailers face in balancing speed of delivery and customer satisfaction. Many retailers prioritize rapid delivery, but the study investigates whether customers actually value consolidated deliveries—receiving multiple items together—even if it takes longer.

The research employed a natural experiment involving an online fashion marketplace that occasionally delivered orders either consolidated or split. Using granular data collected over two years, the study focused on the impact of these delivery methods on the likelihood of product returns. The findings revealed that customers preferred receiving their orders consolidated, resulting in lower return rates, which is significant for retailers facing high costs associated with returns.

This video preference is explained through psychological mechanisms, particularly the "need for closure," where receiving items together reduces mental tension and frustration associated with staggered deliveries. The study emphasizes the importance for retailers to reevaluate assumptions about customer preferences and to better orchestrate their supply chain to increase consolidated deliveries without incurring excessive costs.

Key managerial implications include the need for data-driven approaches to understand customer preferences and to orchestrate supply chains effectively to enhance delivery methods that align with these insights.