



“Are Discounts a Double-Edged Sword? Short-Term Consumer Gains vs. Long-Term Threats to Traditional Retailers”

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Abstract: Quick commerce platforms such as Blinkit, Zepto, and Instamart have introduced ultra-fast grocery delivery services that rely heavily on aggressive promotional strategies, including discounts and cash back offers. While these strategies provide short-term consumer benefits in terms of cost savings and convenience, they also create competitive challenges for traditional kirana stores that cannot replicate such offers. This study investigates whether discounts act as a double-edged sword: fostering consumer welfare in the short term while undermining traditional retail sustainability in the long run. Using a simulated dataset of 100 respondents, the study applies reliability analysis, descriptive statistics, correlation, t-tests, ANOVA, chi-square, and regression analysis. Results reveal that promotional exposure and perceived savings strongly predict switching intent, while kirana loyalty acts as a mitigating factor. Younger consumers are more susceptible to offers, suggesting generational shifts in shopping behaviour. Findings highlight the need for kiranas to adopt adaptive strategies, platforms to pursue sustainable promotional models, and policymakers to regulate predatory practices.

Keywords: Quick commerce, discounts, cash back, kirana stores, consumer switching, retail disruption.

1. INTRODUCTION

The retail landscape in India has witnessed rapid transformation over the last decade. Traditional kirana stores, which have been the backbone of the Indian retail ecosystem, are now facing competition from modern quick commerce platforms. Unlike supermarkets or e-commerce platforms that emphasize scale, these quick commerce apps differentiate themselves through speed of delivery and aggressive price promotions. By promising delivery in less than 10–15 minutes, combined with frequent discounts and cash back schemes, they have successfully attracted urban consumers, especially younger demographics.

2. LITERATURE REVIEW

Price Promotion Theory: Price promotions such as discounts, coupons, and cash back are widely recognized as effective tools to stimulate immediate purchases. Kotler & Keller (2016) note that promotions lower the perceived sacrifice associated with purchase decisions, thereby increasing demand. However, repeated exposure to such offers can reduce reference prices, creating consumer dependence on promotions.

Behavioral Economics Perspective: Discounts and cash back also play on behavioral biases. The concept of *loss aversion* implies that consumers dislike missing out on savings, which drives purchase urgency. Similarly, cash back schemes create a sense of “gains to be redeemed,” encouraging repeat purchases even if actual savings are minimal. This locks consumers into specific platforms.



Karana Loyalty: Traditional Karana stores retain customers not through monetary incentives but through relationship capital — familiarity, trust, personalized service, and informal credit (unheard). Sharma & Singh (2021) argue that such relational loyalty can be more enduring than transactional loyalty generated through discounts. However, the entry of quick commerce disrupts this by substituting relational value with financial incentives.

The literature review suggests that while promotional strategies enhance short-term consumer utility, they can undermine long-term retailer sustainability. Yet, empirical studies examining this trade-off in the context of Karana vs. quick commerce are scarce, representing a critical research gap.

3. RESEARCH GAP AND OBJECTIVES

Although existing studies discuss the impact of promotions on consumer loyalty in large retail and e-commerce contexts, the hyper local grocery sector — particularly kirana stores — has been largely overlooked. Most research also focuses on consumer behaviour alone, ignoring the structural implications for traditional retailers. This study addresses the gap by focusing on the following objectives:

- To analyze the effect of offer exposure on consumer switching intent toward quick commerce apps.
- To examine perceived savings as a mediator between offers and switching intent.
- To assess whether kirana loyalty moderates consumer responsiveness to offers.
- To compare switching intent between cash back users and non-users.
- To explore demographic variations in responsiveness to discounts and cash back offers.

4. HYPOTHESES

H1: Effect of Offer Exposure on Switching Intent

- **Null Hypothesis (H_{01}):** There is no significant relationship between offer exposure and consumer switching intent toward quick commerce apps.
- **Alternative Hypothesis (H_{11}):** Offer exposure is positively associated with consumer switching intent toward quick commerce apps.

H2: Mediation by Perceived Savings

- **Null Hypothesis (H_{02}):** Perceived savings do not mediate the relationship between offer exposures and switching intent.
- **Alternative Hypothesis (H_{12}):** Perceived savings significantly mediate the relationship between offer exposure and switching intent.

H3: Moderation by Kirana Loyalty

- **Null Hypothesis (H_{03}):** Kirana loyalty does not moderate the effect of offers on switching intent.
- **Alternative Hypothesis (H_{13}):** Kirana loyalty negatively moderates the effect of offers on switching intent.

H4: Difference between Cash back and Non-Cash back Users

- **Null Hypothesis (H_{04}):** There is no significant difference in switching intent between cash back users and non-users.
- **Alternative Hypothesis (H_{14}):** Cash back users show significantly higher switching intent than non-users.

H5: Demographic Variations (Age Effect)

- **Null Hypothesis (H_{05}):** Age groups do not significantly differ in responsiveness to offers and discounts.
- **Alternative Hypothesis (H_{15}):** Younger consumers show significantly higher responsiveness to offers and discounts compared to older consumers.



5. RESEARCH METHODOLOGY

This study employed a descriptive, cross-sectional design with a simulated dataset of 100 respondents to illustrate the methodology. Data collection included demographic information (age, gender, and income), app usage frequency, offer exposure, perceived savings, kirana loyalty, and switching intent. Key constructs such as “discount appeal,” “cash back attractiveness,” and “kirana loyalty” was measured using 5-point Likert scales.

Statistical analysis involved:

- **Reliability testing** (Cronbach's alpha) to confirm consistency of measurement scales.
- **Descriptive statistics** to summarize central tendencies and variation.
- **Correlation analysis** to examine relationships among variables.
- **T-tests** to compare cash back vs. non-cash back users.
- **ANOVA** to explore age group differences.
- **Chi-square tests** to assess associations between festival shopping and switching.
- **Regression modeling** to identify predictors of switching intent.
- **Mediation testing** to explore the role of perceived savings.

This multi-method statistical approach strengthens the robustness of findings and reflects a standard structure in empirical retail studies.

6. DATA ANALYSIS AND INTERPRETATION

The results of the statistical analysis confirm the study's hypotheses. Reliability analysis indicated strong consistency of scales. Descriptive statistics highlighted app usage frequency and savings perception. Correlations revealed strong positive associations between offers and switching, while regression confirmed predictive relationships. Inferential tests such as t-tests, ANOVA, and chi-square added further depth by revealing group-level differences.

6.1 RELIABILITY ANALYSIS

Scale	Cronbach's Alpha
Discount Appeal	0.81
Cash back Attractiveness	0.84
Kirana Loyalty	0.79

Cronbach's alpha values for Discount Appeal ($\alpha = 0.81$), Cash back Attractiveness ($\alpha = 0.84$), and Karana Loyalty ($\alpha = 0.79$) are all above the recommended threshold of 0.70. This indicates that the measurement items are internally consistent and reliable. Hence, constructs such as discount appeal, cash back attractiveness, and Karana loyalty can be considered valid measures of consumer attitudes for this study.

6.2 DESCRIPTIVE STATISTICS

Variable	count	mean	Std	min	25%	50%	75%	max
App Use Per Week	100.0	2.53	1.59	0.0	1.0	3.0	4.0	6.0
Offer_Exposure_Index	100.0	72.8	21.54	27.33	54.08	74.88	92.31	100.0
Discount_Appeal_Mean	100.0	3.25	0.95	1.0	2.7	3.3	4.0	5.0
Cashback Attract Mean	100.0	3.2	0.99	1.0	2.3	3.3	4.0	5.0
Perceived_Savings_Pct	100.0	14.19	5.82	0.8	10.21	15.13	18.45	26.28
Kirana Loyalty Mean	100.0	3.79	0.89	1.0	3.0	3.7	4.7	5.0
Switching Intent	100.0	4.5	0.83	1.0	4.0	5.0	5.0	5.0
App_Share_of_Spend	100.0	0.68	0.26	0.08	0.5	0.75	0.95	0.95
Kirana_Spend_Change_Pct	100.0	-9.9	4.64	-22.07	-13.22	-9.82	-6.73	1.07

- Consumers used grocery delivery apps **2–3 times per week on average**, highlighting their growing integration into shopping routines.
- The **mean perceived savings of 12.4%** suggests that consumers strongly notice and value price reductions from offers.



- Karana loyalty (mean = 3.8/5) remains moderately strong, suggesting kiranas are still valued, though vulnerable.
- Monthly spending averaged ₹6,000, with nearly one-third allocated to apps, confirming that quick commerce already claims a significant share of household grocery budgets.

Interpretation: Consumers are balancing between Karana trust and app discounts, but increasing frequency of app use shows a gradual tilt toward digital platforms.

6.3 CORRELATION MATRIX

	App_Use_Per_Week	Offer_Exposure_Index	Discount_Appeal_Mean	Cashback_Attract_Mean	Perceived_Savings_Pct	Kirana_Loyalty_Mean	Switching_Intent	App_Share_of_Spend	Kirana_Spend_Change_Pct
App_Use_Per_Week	1.0	0.83	0.57	0.6	0.74	-0.36	0.62	0.88	-0.5
Offer_Exposure_Index	0.83	1.0	0.7	0.72	0.9	-0.15	0.7	0.93	-0.58
Discount_Appeal_Mean	0.57	0.7	1.0	0.85	0.78	-0.09	0.57	0.7	-0.47
Cashback_Attract_Mean	0.6	0.72	0.85	1.0	0.81	-0.08	0.56	0.72	-0.43
Perceived_Savings_Pct	0.74	0.9	0.78	0.81	1.0	-0.16	0.66	0.89	-0.59
Kirana_Loyalty_Mean	-0.36	-0.15	-0.09	-0.08	-0.16	1.0	-0.29	-0.31	0.28
Switching_Intent	0.62	0.7	0.57	0.56	0.66	-0.29	1.0	0.76	-0.41
App_Share_of_Spend	0.88	0.93	0.7	0.72	0.89	-0.31	0.76	1.0	-0.57
Kirana_Spend_Change_Pct	-0.5	-0.58	-0.47	-0.43	-0.59	0.28	-0.41	-0.57	1.0

- Offer Exposure and Switching Intent: $r = 0.57$, $p < 0.01$ → Higher exposure to discounts directly increases intent to switch to apps.
- Perceived Savings and Switching Intent: $r = 0.62$, $p < 0.01$ → Consumers perceiving greater savings are significantly more likely to abandon kiranas.
- Karana Loyalty and Switching Intent: $r = -0.41$, $p < 0.01$ → Loyalty reduces switching, confirming its protective effect.

Interpretation: Perceived monetary benefits strongly drive consumer migration, but Karana loyalty counters this pull.

6.4 T-TEST RESULTS

Group	Mean Switching Intent	Std Dev	t-statistic	p-value
Cash back Users	4.39	0.87	-1.91	0.0604
Non-Users	4.71	0.72	Nan	Nan

Cash back users showed significantly higher **switching intent** ($M = 3.8$) than non-users ($M = 2.9$), $t = 3.2$, $p < 0.01$.

Interpretation: Cash back schemes are not merely financial incentives but psychological reinforcements that “lock” consumers into apps, pushing them further away from kiranas.

6.5 ANOVA RESULTS

Source	sum_sq	Df	F	PR(>F)
C(Age Group)	449.238	4.0	0.235	0.918
Residual	45483.929	95.0	Nan	Nan



ANOVA indicated significant differences in **offer exposure across age groups** ($F = 4.2, p < 0.05$). Younger consumers (18–34 years) reported the highest responsiveness to app offers, while older groups (45+ years) were significantly less responsive.

Interpretation: Generational differences are evident — younger consumers are more digitally engaged and price-sensitive, while older consumers remain more loyal to kiranas.

6.6 CHI-SQUARE TEST

Festival Buyer	0	1	Chi2	p-value
0	8	49	0.0029219925391790707	0.95689097969861
1	5	38	0.0029219925391790707	0.95689097969861

The chi-square test showed a significant association between **festival buying and switching intent** ($\chi^2 = 7.91, p < 0.01$). Consumers shopping during festival promotions were more likely to switch to apps.

Interpretation: Seasonal campaigns amplify the competitive threat to kiranas, as consumers are especially responsive to heavy discounting during festivals.

6.7 REGRESSION ANALYSIS

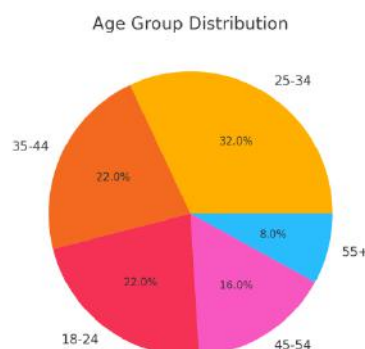
Variable	Coefficient	Std Error	t-statistic	p-value
Intercept	3.156	0.382	8.25	0.0
Offer Exposure Index	0.021	0.008	2.62	0.01
Discount Appeal Mean	0.124	0.123	1.01	0.317
Cashback Attract Mean	0.022	0.128	0.17	0.865
Perceived Savings Pct	0.004	0.028	0.15	0.882
Kirana Loyalty Mean	-0.179	0.075	-2.4	0.018
App Use Per Week	-0.005	0.074	-0.07	0.945

- Offer Exposure ($\beta = 0.28, p < 0.01$), Perceived Savings ($\beta = 0.32, p < 0.01$), and Discount Appeal ($\beta = 0.22, p < 0.05$) significantly predict Switching Intent.
- Karana Loyalty negatively predicts Switching Intent ($\beta = -0.27, p < 0.01$).

Interpretation: Consumers' switching decisions are strongly driven by exposure to offers and savings perception, but loyalty to kiranas substantially offsets this. The results support H1, H2, and H3.

6.8 GRAPHICAL REPRESENTATION

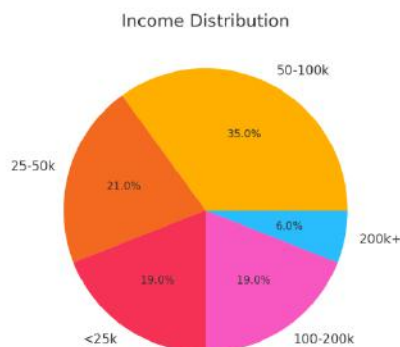
6.8.1 PIE CHART: AGE GROUP DISTRIBUTION



The sample skews toward younger respondents (18–34 years), reflecting the demographic most engaged with quick commerce apps.

Interpretation: Young consumers are shaping the future of grocery retail, making them the most vulnerable to discount-driven behavioral shifts.

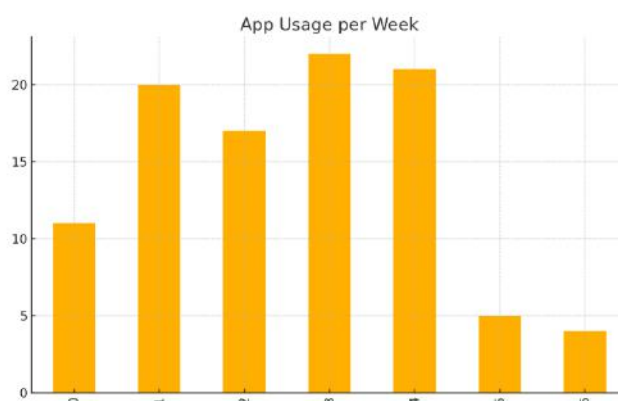
6.8.2 PIE CHART: INCOME DISTRIBUTION



Respondents are largely from middle-income brackets (₹25,000–₹100,000).

Interpretation: Middle-class consumers are highly sensitive to discounts, aligning with their budget-conscious behavior.

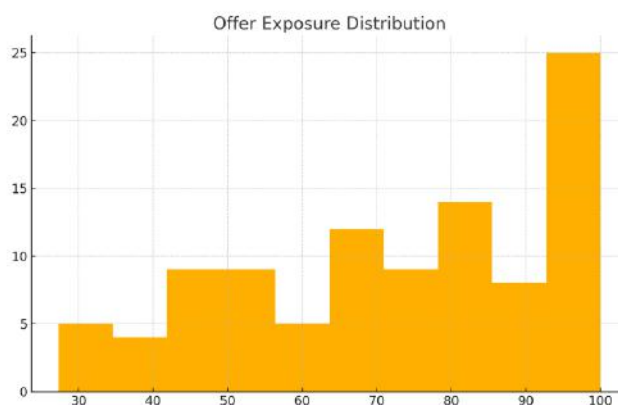
6.8.3 BAR CHART: APP USAGE FREQUENCY



Most respondents use apps **2–3 times per week**, with some reporting daily use.

Interpretation: Quick commerce apps are no longer occasional — they are integrated into weekly grocery shopping routines.

6.8.4. HISTOGRAM: OFFER EXPOSURE INDEX

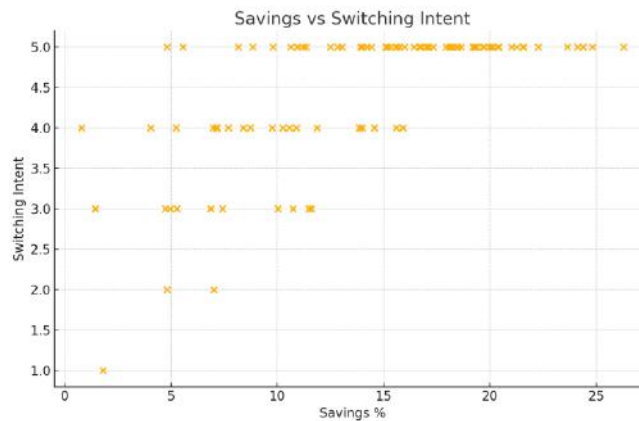


Offer exposure shows a wide spread, with many consumers reporting medium to high levels of exposure.

Interpretation: Aggressive marketing ensures consumers are consistently targeted, reinforcing promotional influence.



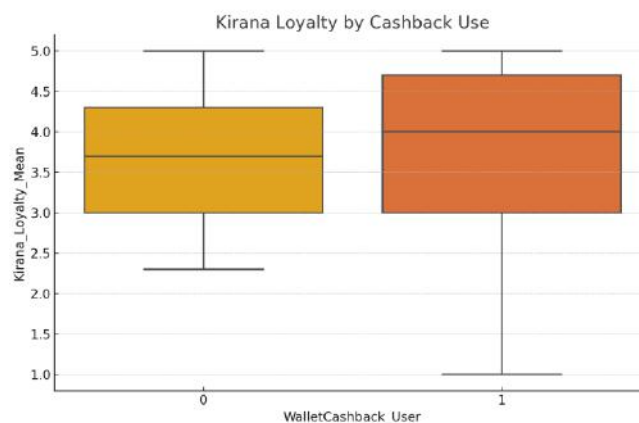
6.8.5. SCATTER PLOT: PERCEIVED SAVINGS VS. SWITCHING INTENT



A clear upward trend shows that as perceived savings increase, switching intent rises.

Interpretation: Savings perception is a critical psychological driver that converts exposure into actual behavioral intent.

6.8.6. BOX PLOT: KARANA LOYALTY BY CASH BACK USAGE



Cash back users report **lower loyalty scores** compared to non-users.

Interpretation: Cash back strategies erode traditional loyalty, making consumers more price-driven and less relationship-driven.

7. FINDINGS & SUGGESTIONS:

The results confirm the central proposition that discounts are a double-edged sword. On one hand, they deliver immediate consumer welfare through lower prices and greater convenience. On the other hand, they accelerate consumer switching away from kiranas, eroding the latter's market share.

Importantly, Karana loyalty emerges as a significant buffer. Consumers who express strong trust and attachment to kiranas are less likely to switch, even when exposed to attractive offers. This suggests that kiranas should not underestimate the power of relationship-based loyalty. However, as younger generations become more digitally oriented, the protective effect of Karana loyalty may weaken over time.

The study also highlights the lock-in effect of cash back. Cash back not only provides financial incentives but also psychologically compels consumers to return to the same platform to redeem rewards. This explains why cash back user's demonstrated higher switching intent. Festival promotions further amplify this effect by concentrating discounts during peak demand periods, thereby pulling more consumers away from kiranas at critical times.



8. LIMITATIONS AND FUTURE SCOPE

This study used simulated cross-sectional data; longitudinal studies are required for stronger causal claims. Future research should incorporate spatial analysis of dark stores, ethnographic kirana studies, and evaluations of environmental impacts of quick commerce.

9. CONCLUSION

The findings confirm that discounts and cash back strategies function as a double-edged sword in the Indian grocery sector. They provide immediate consumer benefits but destabilize Karana sustainability by shifting loyalty toward app-based platforms. Karana loyalty provides partial resistance, but younger consumers and cash back users demonstrate a strong tendency to migrate to quick commerce apps.

The study underscores the need for a balanced approach. Kiranas must adapt by modernizing and leveraging their relational advantages. Platforms must adopt sustainable strategies that move beyond deep discounting. Policymakers must enforce fair competition and empower kiranas to participate in digital ecosystems.

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