



Over the years the motive of sales seasons has changed. Photo: Mint

Beware of discounts: Not all deals on sale are good for you

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Revati Krishna

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During sales season, pricing and discount works in many ways from the consumer angle.

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big day. However, financial experts advise you against making impulsive purchases just to grab a hot sale. “In case of online purchases, people tend to overspend because of a smooth return policy. They may order three items thinking they will return two and keep only one but because of attractive discounts they may end up keeping two and spend on something that is not required,” said Vishal Dhawan, founder of Plan Ahead Wealth Advisors.

According to a research by Arthayantra, a Telengana-based investment advisory firm, at least 60% of their entire clientele prefer online shopping and at least 30% of the online shoppers overspend.

Some experts feel cost reduction should not be the only priority to grab a deal. “You should always think why the retailer is offering such cheap discounts. Think from the perspective of a bank. If a bank is offering seemingly high deposit rates this means the bank is facing difficulty in attracting customers and higher profits and it may not be doing good business,” said Melvin Joseph, founder of Finvin Financial Planners. While purchasing a product, you should take into consideration other parameters as well. “Discounts should not be the only lookout. Especially in case of durables such as mobile phones, you should look at what support and services you are getting with the purchase such as warranty, exchange rules, spares and backups,” said Devangshu Dutta, founder of Third Eyesight, a retail and consumer goods consulting firm.

DO YOU NEED WHAT YOU BUY? Customers spent more on sale day during October festive days

	Business as usual	Sales Day
Daily average customers shopping	40 lakh	2 crore
Average order value	\$35	\$51
Share of cash on delivery orders reduces during sale days due to offers on cards	65%	55%
Share of app-only orders rises during sale days due to offers on app	60-70%	82%

Higher order value is driven by the share of mobiles, which is 56% GMV during October festive days and less than 50% during usual business days



ILLUSTRATION: SHRIKRISHNA PATKAR

Source: RedSeer festive 2018 report (October 2018) versus business as usual days of 2018.

Remember that during sales seasons retailers are mostly looking to clear old stock. “Say you [buy a car in January](#), which was under huge discount because it was manufactured in December. If you are sure you will be driving it for long, say 10 years, you may have grabbed a good deal but if you are likely to sell your car again in five years for another model, you will get a very low resale value for an old discounted model and your purchase will not turn out to be beneficial,” said Joseph. Also, getting a good deal may become difficult when it comes to unbranded products as there is no visible source of comparison and it is difficult to assess the quality from how it looks on a computer screen. “Physical retailers have become more responsive with the influx of online sales. So if you walk into a store telling them you can grab a better deal online, some may be open to negotiating the price,” said Dutta.

During sales season, pricing and discount works in many ways from the consumer angle. “Not all discounts are truly good deals. Retailers often buy products specifically to sell during end-of-season sales, to make the most of the footfall to their store or website. Even at the so-called marked down price, there

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Over the years the motive of sales seasons has changed. “Originally sales were seasonal. It was either after the peak festive season, weather-specific or end-of-season sales,” said Dutta. Retailers now introduce sales at other times as well to generate additional demand. “Retailers may also buy merchandise opportunistically, specifically for the end-of-season or other sales periods.”

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Maruti Suzuki's FY19 growth estimates for passenger vehicles have been lowered to nearly 4.5% from 8% earlier, according to analysts. The industry's growth estimates have also been lowered to 4.5% from 8% earlier.