

Study the Impact of Discounts on the Profitability of Fast Fashion Industry with Respect to Pune City

Krishnapriya Madas¹, Dr. Reshma Kabugade², Avinash Dandvate³, Akanksha Kulkarni⁴

Student, MBA Department^{1,4}

Associate Prof, MBA Department²

Assistant, MBA Department³

NBN Sinhgad School of Management Studies, Pune

Abstract: *This research examines impact of discounting on the profitability of the fast fashion sector with respect to general products available in Pune. By analyzing consumer purchasing habits, often they wait for deals versus purchasing full price, the research identifies essential trends that have an impact on short-term revenue peaks as well as longer-term brand perception and value. The research uses primary data gathered via consumer surveys complemented by secondary data from industry reports and scholarly literature to explore the effects of discounting on customer loyalty, price sensitivity, and brand equity. The major findings are that although discounts are useful in inducing short-term sales, over or repeated promotions have the effect of weakening brand perception, and diluting profit margins in the long run. Additionally, the research delves into how strategic discounting work, when used in conjunction with definite brand positioning, can promote customer engagement without lowering profitability. Findings of this research seek to provide fast fashion companies with empirical evidence-based marketing strategies to pull in price-conscious consumers while preserving brand strength, customer loyalty, and financial health in a rising competitive market environment.*

Keywords: Discount, Customer Loyalty, Brand Perception, Margin, Profitability.

I. INTRODUCTION

In the fast fashion world, discounts are a popular technique employed to entice customers and drive sales. These price reductions can generate rapid profits by enticing individuals to purchase more. Although discounts can work in the short run, they can also alter the way customers perceive the brand. If consumers become accustomed to always waiting for sales, they might not buy at full price, which can damage the brand's revenues in the long run.

This research examines how discounting impacts fast fashion brands immediately and down the line. By knowing the way people shop, whether or not they hold out for discounts or purchase at full price, we can observe the way discounting influences customer behavior and brand performance. The intention is to assist businesses in determining a wise equilibrium between providing deals to drive sales and maintaining their brand's value and long-term earnings.

II. OBJECTIVES

To understand the impact of discounts on consumer buying behavior and overall profitability in the fast fashion industry product

To examine the role of discounts in shaping brand perception, customer loyalty, and strategic positioning in a competitive market.

To measure impact of discount on profitability

III. LITERATURE REVIEW

Singh and Sharma (2020) found that while discounts boost short-term sales in Indian fashion retail, they weaken brand loyalty and long-term customer retention. Consumers prioritize discount depth over quality, often switching brands.



The study advises reducing discount frequency and focusing on consistent brand value and messaging [1]. Rhee and Murdock (2017) found that while discounts boost short-term cash flow and sales in retail apparel, they reduce long-term profit margins and damage premium brand perception when used too often. The study highlights that without reinforcing brand value, the long-term harm to profitability can outweigh the short-term benefits of frequent discounting[2]. Anderson and Simester (2013) found that temporary discounts drive short-term sales spikes, especially from new or infrequent shoppers. While promotions boost immediate revenue and visibility, repeated use leads customers to resist full prices and view them as unfair. The study concludes that frequent, uncontrolled discounting can harm brand credibility and long-term customer loyalty[3].

IV. RESEARCH METHODOLOGY

This study used a mixed-method research approach, combining both quantitative methods and qualitative methods. This dual approach allowed for a deeper understanding of not only how discounts affect sales, but why consumers respond the way they do. Urban consumers across India who shop from leading fast fashion brands such as Zudio, Westside, etc. Convenience sampling was used by distributing surveys online through social media platforms and known networks to ensure that only active fast fashion shoppers responded. The sample will consist of 77 consumers, selected through convenience sampling, who have recently made purchases during discount periods from fast fashion retailers. Data will be collected using primary data in the form of structured surveys containing both closed-ended and short answers. The secondary data in the form of literature review and industry report. The data will be analyzed using descriptive statistics to summarize consumer behaviors and correlation analysis to determine the relationship between discounts and profitability. Excel Software has been used for analysis.

V. DATA ANALYSIS

| Sr.No | Particular | Type of responses | No of Respondent | Percentage |
|-------|----------------------|-------------------|------------------|------------|
| 1 | Gender | Female | 40 | 51.9% |
| | | Male | 37 | 48.1% |
| 2 | Occupation | Student | 46 | 59.7% |
| | | Employee | 14 | 18.2% |
| | | Business | 9 | 11.7% |
| | | Other | 8 | 10.4% |
| 3 | Buying Frequence | Weekly | 8 | 10.4% |
| | | Monthly | 18 | 23.4% |
| | | Quarterly | 30 | 39% |
| | | Rarely | 16 | 20.8% |
| | | Never | 5 | 6.4% |
| 4 | Discount preference. | Always | 17 | 22.1% |
| | | Often | 23 | 29.9% |
| | | Sometimes | 17 | 22.1% |
| | | Rarely | 12 | 15.6% |
| | | Never | 8 | 10.4% |
| 5 | Consumer budget. | Less than ₹1000 | 28 | 36.4% |
| | | ₹1000- ₹3000 | 33 | 42.9% |
| | | ₹3000- ₹5000 | 8 | 10.3% |
| | | ₹5000+ | 8 | 10.4% |
| 6 | Willingness to buy | Very likely | 14 | 18.2% |
| | | Likely | 17 | 22.1% |
| | | Neutral | 22 | 29% |



| | | | | |
|----|-------------------------------|---------------------------------------|----|-------|
| | | Unlikely | 14 | 17.7% |
| | | Very unlikely | 10 | 13% |
| 7 | Action without discounts | Buy anyway | 34 | 44.2% |
| | | Wait for a discount | 15 | 19.5% |
| | | Look for alternatives | 19 | 24.7% |
| | | Don't buy | 9 | 11.7% |
| 8 | Awareness of discount | Always | 15 | 19.5% |
| | | Often | 14 | 18.2% |
| | | Sometimes | 31 | 40.3% |
| | | Rarely | 6 | 9.1% |
| | | Never | 10 | 13% |
| 9 | Discount Type | Flat percentage | 27 | 35.1% |
| | | Buy1 Get1 | 24 | 31.2% |
| | | Seasonal/Clearance Sale | 8 | 10.4% |
| | | Coupons or promo code | 11 | 14.3% |
| | | Free Shipping | 7 | 9.1% |
| 10 | Discount Impulse | Yes | 28 | 36.4% |
| | | No | 18 | 23.4% |
| | | Sometimes | 30 | 40.3% |
| 11 | Bought due of sale | Frequently | 19 | 24.7% |
| | | Occasionally | 39 | 50.6% |
| | | Never | 19 | 24.7% |
| 12 | Brand Premium | Very Agree | 9 | 11.7% |
| | | Agree | 11 | 14.3% |
| | | Neutral | 35 | 45.5% |
| | | Disagree | 18 | 23.4% |
| | | Very disagree | 3 | 5.1% |
| 13 | Loyalty to Discounting Brands | Very likely | 17 | 22.1% |
| | | Likely | 19 | 24.7% |
| | | Neutral | 22 | 39% |
| | | Unlikely | 5 | 6.4% |
| | | Very unlikely | 6 | 7.8% |
| 14 | Discount Withdrawal | No change | 33 | 42.9% |
| | | I'd buy less | 26 | 33.8% |
| | | I'd stop buying | 10 | 13% |
| | | I'd buy more if quality is maintained | 8 | 10.4% |
| 15 | Expectation of discount | Yes | 30 | 39% |
| | | No | 15 | 19.4% |
| | | Sometimes | 32 | 41.6% |
| 16 | Full-Price Hesitation | Yes | 23 | 29.9% |
| | | No | 27 | 35.1% |
| | | Sometimes | 27 | 35.1% |
| 17 | Quality influence | Yes | 41 | 53.2% |
| | | No | 14 | 18.2% |
| | | Sometimes | 22 | 28.6% |
| 18 | Discount = Quality? | Yes, lower price=lower quality | 26 | 33.8% |



| | | | |
|--|-----------------------------------|----|-------|
| | No, price doesn't reflect quality | 27 | 35.1% |
| | Not sure | 24 | 31.2% |

VI. FINDINGS AND SUGGESTIONS

A significant number of consumers, especially aged 18–25, wait for discounts, showing high price sensitivity in fast fashion.

Discounts boost short-term sales but reduce full-price purchases and make brands seem less premium.

Most consumers spend under ₹3000 per month, indicating affordability is key in shopping decisions.

Loyalty is weak, with consumers switching brands for the best deals instead of brand attachment or quality.

Brands should limit the frequency of discounts and shift toward strategic, seasonal offers. This can help maintain a sense of value and exclusivity around sales.

There is a need to enhance the perceived value of products, through better quality, storytelling, or limited-edition releases, so that customers feel the product is worth the full price.

Implementing a loyalty or points program could offer discounts as rewards rather than expectations. This will promote repeat purchases and reduce brand-switching.

VII. CONCLUSION

This project looked at how discounts affect fast fashion brands in the short and long run. From the survey and research, it was clear that most young shoppers wait for discounts before buying. Discounts help increase sales quickly, but using them too often can hurt the brand's image and make customers less willing to pay full price.

Many people in the study said that regular sales make brands feel less premium. This means that while discounts bring in buyers, they don't always build real loyalty. Also, when discounts are expected all the time, brands may lose profits in the long term.

The project shows that fast fashion brands should not give discounts too often. Instead, they should focus on offering good value, quality products, and limited-time offers to keep buyers interested without lowering their brand value.

In the future, this study could be improved by including more age groups, or by collecting real sales data from brands to see how discounting affects profits.

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