

# The Impact of E-commerce Festival Discounts on Small Retailers: A Microeconomic Perspective

Kanika, B. Com (Hons.)<sup>1</sup>, Dr. Rashi Malik<sup>2</sup>

<sup>1</sup>2nd Year, SRM University, Delhi-NCR

<sup>2</sup>Associate Professor, Faculty of Management & Commerce, SRM University Delhi-NCR

**Abstract**—This paper examines the effects of e-commerce festival discounts on small retailers in India, focusing on microeconomic dynamics. Drawing from recent examples such as the Amazon Great Indian Festival 2024 and Flipkart’s Big Billion Days, the paper explores how aggressive online discounting affects consumer behavior, price competition, and the survival of traditional kirana shops. The analysis reveals both positive outcomes—digital adoption, enhanced consumer surplus, and gig economy job creation—and negative effects, particularly the challenges faced by small retailers. Recommendations for balanced policies are provided.

**Index Terms**—E-commerce, Festival Discounts, Small Retailers, Microeconomics, India

## I. INTRODUCTION

The rise of e-commerce platforms like Amazon and Flipkart has transformed India’s festival shopping culture. The Amazon Great Indian Festival 2024 recorded 1.4 billion customer visits, with over 20,000 sellers doubling their daily sales. Similarly, Flipkart’s Big Billion Days saw a 70% surge in purchases on its

wholesale platform as kirana stores across 10,000+ pin codes participated. While such figures reflect booming online retail, they also reveal a deeper challenge—small retailers and kirana shops struggling to keep pace with aggressive discounting strategies.

## II. ANALYSIS AND DISCUSSION

Festival sales revolve around price competition and loss-leader strategies, where online platforms sell products at heavy discounts to attract customers, even at the cost of short-term profits. Consumers, highly price elastic during festivals, shift their purchases online, increasing their consumer surplus.

For local retailers, however, the story is different. Unable to match deep discounts funded by e-commerce giants, many kirana shops face declining footfall. Some adapt by joining online wholesale platforms. A small electronics shop in Delhi reported a 30% drop in festive sales compared to last year as most buyers opted for cheaper online deals.

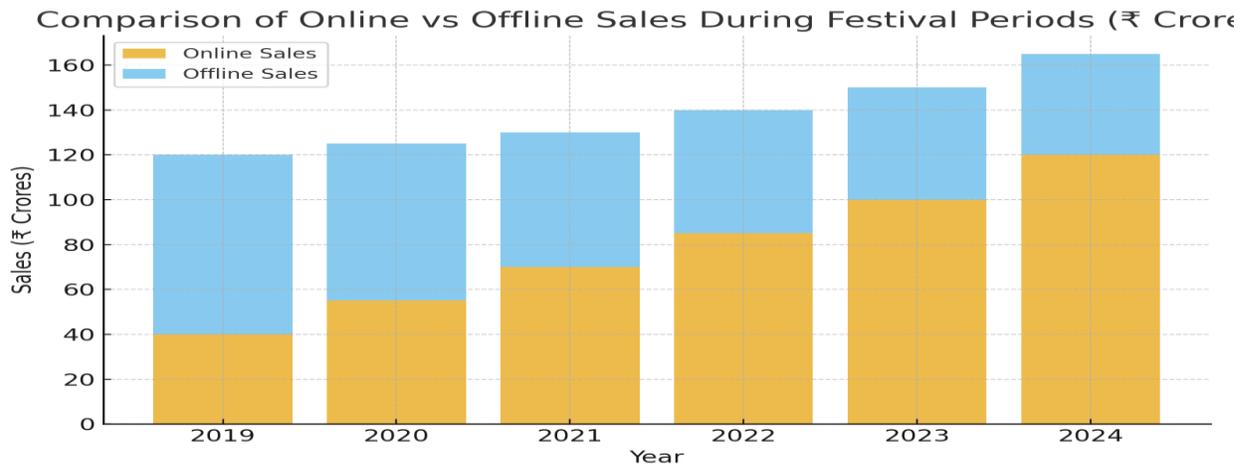


Figure 1: Comparison of Online vs. Offline Sales During Festival Periods in India

### III. POLICY IMPLICATIONS

E-commerce festival discounts have accelerated India's digital growth, expanded consumer choice, and created short-term jobs. Yet they have weakened traditional retailers. If this imbalance continues, India risks a marketplace dominated by a few digital giants.

Initiatives like the Open Network for Digital Commerce (ONDC) offer a path forward, providing local shops a platform to compete fairly. Balanced policies can ensure both e-commerce growth and small business survival, fostering inclusive and sustainable economic development.

#### Flow of Impact from Festival Discounts to Small Retailers

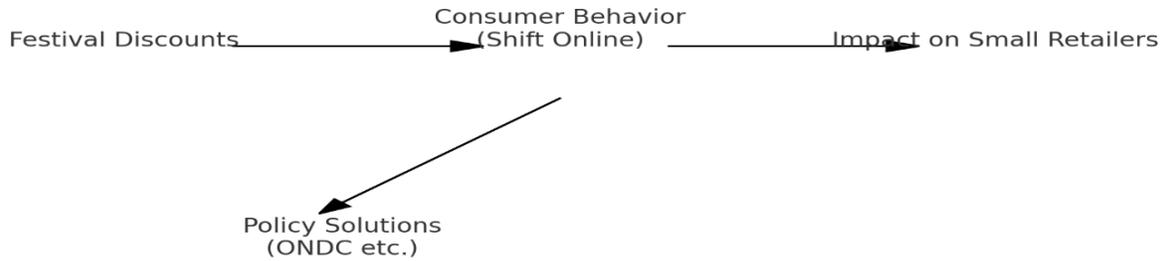


Figure 2: Flow of Impact from Festival Discounts to Small Retailers. Conclusion

### IV. CONCLUSION

The impact of e-commerce festival discounts is double-edged. While consumers benefit and platforms grow, small retailers lose ground. India must strike a balance by protecting offline retail and encouraging digital innovation simultaneously. This paper highlights the urgency of policy interventions to ensure equitable growth in the digital economy.

### REFERENCES

- [1] Business Standard (2024). Amazon Great Indian Festival 2024 records 1.4 billion customer visits. <https://www.business-standard.com>
- [2] Outlook India (2024). Flipkart records 70% increase in purchases on B2B platform during Big Billion Days. <https://www.outlookindia.com>
- [3] Retailers Association of India (2024). Festive sales report on offline retail performance. <https://www.rai.net.in>

### V. ACKNOWLEDGMENT

I would like to express my sincere gratitude to Dr. Rashi, Assistant Professor, Faculty of Management & Commerce, SRM University, Delhi-NCR, for her invaluable guidance, encouragement, and support throughout the preparation of this paper.

### VI. AUTHOR DECLARATION

I, Kanika, hereby declare that this manuscript is original and has not been published or submitted elsewhere.