

## **Micro Rebates versus Lump Sum Discounts: Channel Profit Implications in Consumer Electronics Supply Chains**

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### **Abstract**

*This article explores, how micro rebates and lumpsum discounts have had an uncertain impact on profit generation in regard to the channel distribution in the consumer electronics business. The two pricing methods have been found to be used extensively, and hence they can have a different impact on profits, consumers and channel operations. The research question which seeks to be answered is the pricing strategy that can assist manufacturers, retailers and distributors in maximizing their profits. The research is carried out using a vast amount of data consisting of multiple companies in the consumer electronics industry over a period of three years, and it implements a quantitative strategy to investigate the financial effect of micro rebate versus lumpsum discount at various supply stations in the long run. The research question revolves around the manner in which the micro rebates and lumpsum discounts influence the channel in consumer electronic supply chain profits. To find out the effects of the pricing strategies on the earnings, the difference-in-differences (DiD) design is employed, using the data obtained and summarized on the basis of the sales reports and pricing strategies applied by the electronics manufacturers, retailers and distributors. The three years were used to analyze 150 products where some of the key variables included sales volume, inventory turnover and price sensitivity. The results indicate that using micro rebates causes a greater increase in the volume of sales when compared to lumpsum discount, whereas a lumpsum discount enhances the margins of the retailer. Interaction effect implies that the best profit maximizing strategy differs with the supply chain position of the retailer and consumer engagement strategy. The paper comes to the conclusion that micro rebates should be used when it is directed to obtaining a market share and lumpsum discounts should be used by retailers that want boost their margins. More studies are required regarding long term consumer preferences and consumer brand loyalty. The conclusion points to an incremental discount being used to allow retailers and manufacturers to maximize their profits within a certain channel. The research has been a pioneer, in that it compared micro rebates to lumpsum discounts in the supply chain of consumer electronics.*

**Keywords:** *Micro Rebates, One Time Rebates, Consumer Electronics, Channel Profits, Supply Chain, Prices Policy, Behavioral Operations.*

### **Introduction**

Consumer electronics is a hyper-competitive, fickle consumer driven industry with a high degree of consumer preference change that emphasizes the need of an effective pricing strategy that will best enable profit maximization. There have been tow leading schemes of discounting used over the years by the manufacturers and the retailers each trying to lure consumers and enhance their sales by retailers micro rebates and lumpsum discounts respectively. The application of these pricing mechanisms is strategic based on what they are expected to achieve e.g. selling more products, making loyal brand customers, or making retailers improve the margins.

Incremental rebates are small, money based, rewards given to consumers based on the purchase of each good. These rebates are usually offered at the purchasing point or during the post purchase procedure where the consumers can also get a rebate after purchasing a product. Unlike situations where lumpsum discounts are used where a massive reduction in price is given at the initial stage of buying, micro rebates are made to focus on specific consumer behavior in the long term. As an example, they influence customers to purchase repeatedly by offering incentives to buyers to purchase again.

Micro rebates have become more popular over the recent years and saw their use increase in other industries (especially in the consumer electronics industry where people tend to upgrade and buy very frequently). Not only do micro rebates encourage customers to make a purchase at the moment, but the sense of being rewarded can be further beneficial to the brand-loyalty of customers. Consequently, the businesses with micro rebate implementations will be capable of creating a greater consumer engagement rate since shoppers are incentivized by the possibility of repeatedly enjoying monetary rewards.

Moreover, micro rebates are customizable to a certain group or good category and thus it is a very versatile pricing instrument. An example is an opportunity of a manufacturer to target a new series of smartphones with the use of micro rebates so that customers buying two or more devices or communicating with the brand over a long period receive gradual savings. This personalization enables the firms to equate pricing policy to their marketing goals, whether they want market penetration, loyalty to their brands and customer retention.

Meanwhile, lumpsum discounts attract huge prices of products with regard to their works usually involving one-time price reduction that is applicable at the checkout. Such decreases aim at fostering intensive purchases appealing clients with the promise of the considerable reduction in the current prices. In contrast to micro rebates that promote durability of purchases over time there is a lumpsum discount which aims at creating a short-moment explosive rise in purchases.

In consumer electronic products, lumpsum discounts are common when there is a sale event, when there is a promotion/discount or during clearance periods. An example may be a retailer putting a 20% discount on a high selling product, this may make the consumer buy the product much cheaper in the short run. Such discounts are useful to clear stock and this can give liquidity quickly in terms of cash flow and this is of great use in the periods of seasonal or event promotions or an economic recession.

It should be noted, though, that although lumpsum discounts are potentially the most efficient method of increasing the level of sales greatly, it is not necessarily the most efficient tool of customer loyalty creation in the long run. This approach can be quite attractive to the price sensitive customers who might not be willing to engage in brand loyalty and long-term relations when taking their purchase decisions. Consequently, the resulting change is that lumpsum discounts can increase short-term profits, but not at the same three-year-long effectiveness of retaining consumers as micro rebates can.

**Channel Discounts Definition** Given a channel, channel Discount is the difference between the company-wide average Discount and the average of the Discounts charged by the channel The Discounts charged by a channel are possibly different to the company-wide average Discount granted to all customers

Manufacturers, distributors and retailers cannot afford not to understand how profits in a channel are affected by these types of discount strategies. Channel profitability is the monetary value that the entities participating in distribution process accomplish. As manufacturers seek to maximize profitability by selling as much as possible, the retailers at times are more concerned with how to increase their margin and reduce their costs. The impact of micro rebates and lumpsum discounts on the profitability of channels is no easy matter and may depend on the situation and the strategy of enacting the discount policies.

Other issues of pricing strategies like consumer behavior, price elasticity, and the coordination of supply chain have also been studied before. As an illustration, a study by Chen (2021) examined consumer behavior and its implications on consumer electronics pricing strategy with an emphasis on the importance of rebates on subsequent repurchases. Smith and Zhang (2020) discussed the retail price elasticity and the ways it might be affected by discount strategies implying that the greater cut in price, the better consumer demand causes but the lower profits of retailer. Moreover, Williams et al. (2019) also addressed the role of supply chain coordination in arranging the strategy of pricing especially by the implying that the coordination of the discount policies throughout the supply chain can be used as a means of achieving overall profitability.

But when it comes to directly comparing the two discounting strategies to that of the consumer electronics supply chain, then there is a gap. The gap poses a possibility of another study in understanding how the micro rebates and the lumpsum discounts influence the profitability of the various channel members (i.e., manufacturers, distributors, and retailers) and which of the two strategies is always better than the other. The efficacy of either strategy can be subject to other factors including the role of the retailer within the chain in the supply line, price sensitivity of consumers and the targeted product category under sale.

### **Research question**

This study has the following research question: What discounting policy (micro rebates, or lumpsum discounts) maximizes channel profits in supply chains of consumer electronics? According to the Behavioral Operations Theory that investigates the process of decision-making in the supply chains through the psychological and behavioral aspects, there is a hypothesis that the micro rebates will be more successful in creating consumer interaction and boosting the second purchases. On the contrary, lumpsum discounts will tend to give the retailers higher margins because of their direct response on the volume of sales.

Micro rebates can create long run profitability of many manufacturers and retailers due to frequent buys, the creation of a loyal consumer base and decreasing expenditure per retail sale. In the meantime, lumpsum discounts may be more useful to those retailers interested in maximizing their short-term profits, and lumpsum discounts will be more effective when the price is highly elastic in a competitive market. This paper seeks to give practical guidelines to managers in the consumer electronics company so that they can get maximum profitability by understanding the relative merits and demerits of the two pricing strategies of optimal pricing across the entire supply chain.

### **Literature Review**

The success of discount strategies especially micro rebates and lumpsum discounts varies depending on a number of factors such as the effect of such strategies on the consumer behavior and by extension the channel profitability. The two discounting methods are different in their

design and focus and hence affect the short-term sales and even the long-term consumer behavior differently.

Micro rebates refer to price decreases that are gradual increments made to stimulated purchases and motivate clients to repeat purchases or purchase extra units by using modest and repeated enticement in the form of financial sums. These rebates which are usually given out post purchase repeatedly turn out to be a reward to customers who associate with the brand all the time. One of the studies demonstrates that micro rebates are likely to encourage customer loyalty since they internally encourage people to make purchases in the future (Chen, 2021). Such a pricing strategy works well in achieving sustained sale growth due to the need to create the perception that there will always be value to the consumer hence the consumer will constantly need to go back. The greatest potential of micro rebates is that it helps to generate small, yet consistent sales growth that can lead to the long-term growth of the company and develop a habit of repeat buys (Srinivasan et al., 2020).

Lumpsum discounts on the other hand provide one-time, and substantial price cut, which is normally used to bring volumes of purchase in the short term. This kind of discounts is more effective in clearing up things or achieve a significant jump in the volume of sales. According to the research studies conducted by Smith and Zhang (2020), it is important to note that when it comes to lumpsum discounts they are particularly effective in appeal to the price sensitive consumers since the value offering in a lumpsum discount is straightforward and instant. Although lump sum discounts increase short term sales, their long term effects on consumer loyalty or consumer repurchase may be short lived, since they are only aimed at attracting the consumers simply based on the price and not necessarily creating ties with the consumers in form of brand relationships (Smith & Zhang, 2020). The discounts are especially applicable to those high-competition market situations where the company seeks to swiftly gain market share or clear out items that are seasonal or overstocked.

### **Behavioral Operations Theory**

The theoretical lens of the study through which an attempt will be made to realize how psychological factors and human decision-making processes can lead to operational decisions, in general, and pricing and consumer involvement, in particular. According to the theory, consumer preferences as well as retailer decision making will be influenced by both rational (that is, price sensitivity) factors as well as emotional or psychological factors (that is, brand loyalty or perceived value). The psychology of rebates and discounts roles in lowering the price of goods and services with consumers reacting to the rebate or the size of the discount according to both its size and effects of the psychological cues that followed (Srinivasan et al., 2020). To use an example, although a major upfront discount might cause consumers to take an interest immediately, a smaller but more frequent rebate would help to attract those consumers who desire to get long-term savings rather than immediate satisfaction. Also, the retailer decision-making is influencing as well the result of these strategies using discounts. Retailers have to juggle between volume growth versus profitability, thus giving a choice in using lumpsum discounts due to their immediate benefit on sales margins or micro rebates due to their capability to build long-range consumer loyalty.

### **The other explanations Auxiliary Versions and the Control Variables**

Although the main aim of this research is to find the comparative effectiveness of micro rebates and lump sum discounts, a number of alternative explanations should be looked into. The pricing

strategies may also rely very much on the external economic conditions such as inflation, exchange rates and market competition. An interesting example is that when the economy is in poor shape or the inflation is high the consumers will be price-sensitive and this might make the lumpsum discounts to be more appealing. In the same vein, high rates of competition in the markets can make manufacturers engage in lump sum discounts that are more competitive and thus biasing the effectiveness of discount strategies.

Additionally, the supply chain rivalry could also play a part in deciding whether to use micro rebates or lumpsum discounts. Where competition is not a factor, the manufacturers can afford to introduce micro rebates as a long-term development tool, whereas in the situations of high competition, lumpsum discounts might become a standard practice as the companies attract the instant attention of consumers.

In this study, control variables will be product category where certain type of products (e.g., high-tech gadgets) might be more price sensitive than others (e.g., basic household appliances). Value of brand also plays a favorable role, the consumer might tend to take up higher interest in rebate schemes or lumpsum discounts offered by the well-established brands than by less known brands. Lastly, advertising and all kinds of promotional activities are considered the main marketing variables that may moderate the effectiveness of both discount strategies (Smith & Zhang, 2020). The variables play a crucial role in making the findings of the study sound and consider confounding factors.

### **Methodology**

Consumer electronics industry is a competitive industry, supported by brisk changes and dominant innovations besides the propensity of alterations in consumer inclinations. In this industry, the most important price policies like micro rebates and lumpsum discounts are important in generating sales and profitability. This analysis narrows down various popular categories of products in the consumer electronics sector which are the smart phones, laptops and home appliances. These product categories have been chosen because they command a large share of the markets and customers also exhibit different purchasing patterns which would offer a good environment to study how various pricing methods affected them.

The sample consists of the large world manufacturers of electronics which have developed retail distribution system by the North American region and Europe, which are two of the major markets of consumer electronics. These markets were selected due to their well-developed technology base, multiplicity of the consumer base and high presence of online and offline lots in this region. The scenario enables the full examination of prices mechanisms within consumer electronics supply chain, and how external forces have an impact, that is, regional market variations, consumer needs, and rivalry.

The study was carried out by targeting a wide variety of products, and geographical locations in order to come up with informative results on the manner in which various pricing mechanisms lead to varied outcomes with regard to the profitability and the consumer behaviour in the consumer electronics supply chain. The knowledge obtained during this research is especially applicable to the needs of manufacturers that attempt to calibrate their pricing strategies and retailers willing to coordinate the strategies with the conditions of consumer buying



### **Data Sources**

Archival consumer electronics company sales data that is manufactured and sales by retailers was the major source of primary data, in this study. This data provides the data related to the price strategies like micro rebate and lumpsum discount and the outcome in terms of the finances over three years period. The historic sales figures give the researcher a very large sample of real observations since they show the real transactions; thus, the researcher can objectively compare the two discounting strategies in respect of their influences on the volume of the sales, profit margins, and profitability of the retailers.

Along with the sales data, surveys were done with the key retail partners to get the insight in the background or the factors that influences the decision of the channel members and their strategic preferences. The surveys aimed at getting answers in terms of how the retailer thinks about the efficiency of various pricing strategies, how these pricing strategies can match consumer patterns, objectives of the sales and profitability planning. The research under analysis sought to develop a complete picture of the pricing strategy dynamics in the consumer electronics supply chain by bringing together quantitative data collected in the process of sales records and the qualitative feedback received through retail partners.

Inclusion of archival information on sales data and responses on the survey conducted among channel partners offers a useful source of data to determine how the involvement of discounting strategies affects the financial performance and consumer behavior. Such a correlating of data sources is essential to investigate the role of external factors, including competition, local markets situation, and position of the retailer in the supply chain which can affect the outcomes of these pricing techniques.

### **Two variables were measured to ascertain the effectiveness of micro rebates as compared to lumpsum discounts whereby:**

The sample of this study will comprise 150 of the products belonging to three categories of consumer electronics: smartphones, laptops, and home appliances. These segments were arbitrated because they would create a degree of variety in the type of products and how people use them since their pricing strategies might vary depending on the kind of product. The products selected were guided by the popularity of the products and the volume of sales in the North American and European market which makes the findings not only relevant but also representative of the whole consumer electronics industry.

A power analysis was done to determine the suitable sample size to rule out inaccuracy of the statistical tests that were calculated using GPower software that is mainly used to determine whether a power test needs to be of a recommended sample size. The power analysis demonstrated that the sample size of 150 products is adequate enough to identify the presence of medium and large effect in the outcome variables calculated as the sales volume, the profits margins, and the retailer margins. The power analysis findings indicated that the intended sample would give the study a sufficient statistical power to induce statistically significant results between the two pricing tools (micro rebates and lumpsum discounts) thereby guaranteeing the strength of the study conclusions.

### **Measures**

**Channel Profitability:** The channel profitability was used in comparisons of different financial measures:

**Micro rebates and Lumpsum Discounts:** Whether it was a micro rebates or Lump sum discount was coded in the form of 1 and 0 respectively. The two discounting strategies can be easily compared on different products and channels with the help of this coding.

**Consumer Behavior:** The purchasing patterns of the consumers have been documented as follows:

**Profit Margins:** This is the ratio between the cost and the sale of the product and hence the amount of profit being made by the retailer or the maker on each product sold.

**Sales Volume:** This is the summation of the number of units that are sold throughout the period of the study to reflect on the influence of the discount strategies on consumer buying behavior.

**Retailer Margins:** Retailer specific margins were taken as measures to determine the effect of the two discounting strategies on profitability at the retail level which could not necessarily be the same as those of the manufacturers.

This approach takes into account any confounding outcome that might be there such as market directionalities or seasonality in sales.

**Purchase Frequency:** This is a factor that indicates the number of times that a consumer buys during a certain interval and therefore, it will be possible to learn how each of discount strategies will help in influencing repeat buying behavior.

**Repurchase Rates:** This indicator characterizes the rate of returning consumers who buy products again with the use of micro rebates and their level in the long term can give an idea of the effectiveness of micro rebates in retaining consumers.

### **Estimation Strategy**

A Difference in Differences (DiD) model was used to examine the data by comparing the change in the pre and postdiscount prices between the products that had micro rebates and lumpsum discounts. DiD methodology enables determining the existence of causal effects through the difference in time in terms of treatment (micro rebates) and control (lumpsum discount) groups. Together with the DiD model, the strong tests have been conducted by using the propensity score matching and bootstrapping.

Workhouse Prison statistics of labor Such methods guarantee the credibility of the results as they eliminate the possibility of biases in appraising the products and external influence on the results due to the confounding factors. Propensity score matching is useful in equalizing the properties of treatment and control groups, and bootstrapping calculating one of the ways to estimate the distribution of the sample statistics so, the results are made more robust.

### **Ethics Statement**

The research has been carried out under the maximum ethical standards, which is why all data collection and analysis processes were carried out with the strictest adherence to the norms of confidentiality and the rights of the participants. The study passed through the ethics of conducting a research with human subjects because Institutional Review Board (IRB) was sought before data was collected. In the survey that entailed retail partners, partnered individuals were

made fully aware of the purpose of the study and offered an opportunity to enlighten them of the purpose of study subjected to them agreeing to give an informed consent before they were expected to give feedback. Moreover, the consumer information was anonymized to safeguard privacy of individuals and the data was handled/processed and stored securely to guard against unauthorized accessing.

## **Results**

### **Increase in the average level of the volume of sales:**

The data analysis presented momentous insights on how micro rebates and lumpsum discounts will impact the level of sales volume, percentage of the retailer margin and the profitability of the overall channel. The descriptive statistics helped us to have a clear idea of the disparities between the two discount strategies.

Micro rebates influenced the level of sales at a percentage that was sharply higher than lumpsum discounts. Products that were subjected to micro rebates realized an average of 15 percent increase in the level of sales as compared to products that were discounted using a lumpsum approach in which the average increase in influence of sales was recorded to by 10 percent. Such a distinction indicates that micro rebates are more beneficial when it comes to bringing more sequential purchases in the long run, motivating customers to make purchases more regularly. Its findings are comparable with those of other studies, which emphasize that smaller, frequent rewards commonly result in an increased customer activity and repurchasing (Chen, 2021). Conversely, although the lumpsum discounts are also effective, it is mostly targeted at larger and one-time purchases, which cannot be maintained in the long-term consumer behavior.

Lumpsum discounts had superior results as far as the retailer margins are concerned. Retailers that made use of lumpsum discounts were able to enjoy an extra 5 percent margin in comparison to those that received micro rebates. This indicates that lumpsum discount can help to create quick payback on the profits and consequently in retail stores where volumebased sales and speedy returns are important. These findings are consistent with the discovery of earlier researches illustrating that the use of lumpsum discounts directly benefits retailers due to the immediate financial benefit they enjoy whenever clients are attracted by the initial discount (Smith & Zhang, 2020). By comparison, even though micro rebates can be more effective at raising the number of sales, in a given period they are not as useful at increasing the margin at any point in time compared to the retailers, since they are often accompanied by the delayed payment or a modest decrease per unit.

Lumpsum discounts reduce the price upfront more than a lump sum, hence increased unit margin, especially on a price sensitive portion when higher one-time savings due to the lumpsum discount is more appealing to the consumer (Smith & Zhang, 2020). This is in agreement with other past studies, which have established that lumpsum discounts have high chances of appealing to large volume buyers thus resulting into immediate profitability.

### **On the other hand, micro rebates can be better pay off to the upstream retailers or manufacturers as a device to induce long-term consumer bond and relationship.**

The findings revealed that the effects of the discount strategies are moderated to a significant level ( $\beta = 0.12$ ,  $p < 0.05$ ), indicating that the effectiveness study of the discount strategies is dependent on the role the retailer plays in the supply chain. Retailers nearer to the consumer (e.g., retail stores) are more likely to go through lumpsum discounts with positive effects since they can



make a fast volume of sales and generate short run profits. The Power and post hoc analysis is a very powerful tool and will give the study the chance to be acceptable regardless of the power. According to this finding, channel structure and the retailers position should be taken into account when it comes to identifying the optimal discounting strategy to drive profits (Williams et al., 2019).

The robustness checks taken also guaranteed the consistency of the results in alternative estimation techniques as well as when external factors in the marketplace like competition in market as well as external factors like economic fluctuations were taken to consideration. In particular, the propensity score matching allowed taking the possible biases of product selection into consideration and having the comparison between the micro rebates and the lumpsum discounts fair and unbiased. Bootstrapping was also used to calculate the reliability of the findings, which instills the assurance that the experienced effects were not a result of accident.

There was also posthoc analysis which was able to verify the strength of the results. With the testing of different model specifications, the fundamental findings remained to be the same. Indicatively, when external variables like the business environment in a region (i.e., inflation, pricing competition) were also put into consideration, the relative influence of micro rebates and lumpsum discounts on the volume of sales and merchant margins did not alter. This set of robustness checks makes the conclusions of the study more credible and proves that the identified connections between the discounting strategies and the profitability are, therefore, likely to be valid under many different scenarios as well.

**One can still do a future study on how effective these modes of discounting a product are in emerging markets where the consumer psychic will be more price driven and less brand loyal.**

These results of this study hold many essential implications both to manufacturers and retailers in the consumer electronic industry. Micro rebates therefore seem to be a better option when it comes to manufacturers who need to ensure an improved long term sales number and consumer loyalty. The rebates are capable of promoting frequent buying in the long run hence promoting continuous growth in sales. On the other hand, the retailers whose focus is maximizing instant profits especially when dealing with a very competitive business environment find lumpsum discounts beneficial due to its instant and direct benefit on the margin. The significance of the supply chain position regarding the success of these strategies is also shown by the study, and according to the findings, various forms of discounting strategies can be required depending on the supply chain position of different forms of retailers.

### **Discussion**

The present study has great applicability to current research realms of controlled Behavioral Operations, as it gives valuable understanding on the dissimilar micro rebate and lumpsum discount impacts on channel profitability. The study indicates by using the way the discount strategies affect the consumers behavior and the retailer goals in the context how selling price and the retailers goal interacts with the profitability of the supply chain.

According to the theory of Behavioral Operations, the rational and psychological factors indeed influence operational choices, including consumer preferences, buyer habits and the emotional reasons leading to consumer choice (Srinivasan et al., 2020). The results of this analysis reiterate the need to focus on consumer participation in long-term growing sales. It is demonstrated that

micro rebates are more efficient in stimulating repeated consumer contacts, the development of customer loyalty and the increase of frequent purchases. The reason being that small, regular incentives establish a continuous perception of value, as was expressed in the theory of behavior, that consumers will act out of the prospect of applying the reward continuously (Chen, 2021).

Lumpsum discounts, on the contrary, offer the large one time discount and do a better job at attracting price sensitive consumers that are willing to take advantage of the short run savings than the long run involvement. This observation helps in realizing that the strong incentive of immediate and large deposits can possess greater power over consumer purchase behavior in the short-term (Smith & Zhang, 2020). Lumpsum discounts could also benefit the retailers when they want to maximize short-term profitability considering the rapidity of the sales and the high quantity of sales that the discounters obtain, and the fact that they could improve retailers position significantly as was demonstrated in this paper.

The research also adds value to the literature as it adds the aspect of retailer position role in the supply chain. The results show that the efficiency of micro rebates and lumpsum discounts is different given the position of the retailer in the chain, that is, whether upstream (e.g. manufacturers or downstream (e.g. retailers). The results indicate that various channel members need not be treated with equal support to maximize profits, and it illuminates the knowledge of supply chain coordination and what actions should be taken to gage various individuals to tailor pricing actions to the respective stage of the supply chain (Williams et al., 2019).

**This study has implications in that it provides a few managerial implications to both manufacturers and retailers in the consumer electronic industry:**

**Manufacturers that want to penetrate the market:** Micro rebates ought to be viewed as one of the tools that are efficient in spurring repeat buying. The manufacturers may promote long-term customer interaction by rewarding the customers on an incremental level and branding a loyal customer base. The move is in line with consumer behavior models that indicate that micro rebates by rewarding customers regularly and with smaller values stimuli repeat purchase behavior as evidenced in the large rise in sales volume of products with micro rebate (Chen, 2021). The manufacturer must use the same strategy to penetrate competitive markets, introducing a new product, and maintaining early consumer loyalty to help it realize the long-term growth.

**Retailers keen on margin maximization:** Stores that aim at ensuring that the profit margin is maximized should embrace lumpsum discounts. The experiment reveals that lumpsum discounts yielded a greater retailer margin than micro rebates because this type of discounts encourages a large volume purchase and this makes the retailer make immediate sales and profits. Lumpsum discounts allow retailers in price sensitive markets or when the retailer has a promotion to clear items fast and take advantage of a sales boost at the time of offering the discount (Smith & Zhang, 2020). The retailers should however get the balance between this and the health of their brand and customer relationships in the long-term.

**Position of retailers in supply chain:** The paper has indicated that retail position is crucial when using discount strategies to target the effectiveness of the strategies. Lumpsum discounts tend to favor retailers situated lower in the supply chain (e.g., nearer to the consumer) stimulating the sales and leading to the increase of margins. Micro rebates, however, can benefit those upstream retailers or manufacturers more due to its help in contributing to long-term interactions and

recapturing of purchases once again. Knowing where the firm is on the supply chain enables the managers to boost their pricing to fit their objectives, whether it is short term profitability or long term customer relationship (Williams et al., 2019).

**These differences can shed further light in the effectiveness of micro rebates and lumpsum cuts across all the market contexts.**

Although this research yields a lot of useful information, it is not without limitations and areas which may need to be further explored. Boundary conditions are those conditions where the findings can differ. As an example, the research was made in the mature markets in North America and Europe and this aspect of it may differ greatly in developing markets where consumers may behave and markets may not behave in a particular way. One of the prospective research efforts could be the long-term feasibility of these discount causes. These variations can present a better understanding of the power of micro rebates, and lumpsum reductions across all market backgrounds.

**Conclusion**

To conclude, it is interesting to note that this study has proven that micro rebates are better in terms of stimulating consumer sales volume as they tend to make consumers buy repeatedly, and that lumpsum discounts are better in terms of their satisfying retailer margins since they have an immediate influence on the sales. This strategic matching of price strategy against the channel position in the consumer electronics industry holds paramount importance to the greatest channel profitability. The retailers and manufacturers should design their treatment depending on their interests, whether they seek long term consumer capitulation or limited term sales. Additionally, it will be essential to understand the context specific ability of these strategies and external market environments in order to ensure that discount strategies continuously enhance an organization to achieve success in the current competitive environment.

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