

AMZONG DISCOUNT STRATEGY REPORT

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TOOL



BACKGROUND

Amazon, a leading e-commerce platform, frequently offers discounts across various product categories, but data suggests that larger discounts do not always lead to higher customer satisfaction. Some heavily discounted products still receive lower ratings, raising concerns about customer perception, product quality, and purchasing behavior. To enhance its pricing strategy, Amazon aims to optimize discounts for high-ticket items while ensuring customer satisfaction. Additionally, the company seeks insights into which product categories benefit most from discounts and how customer feedback can help improve overall sales and shopping experiences.



EXECUTIVE SUMMARY

This report analyzes the relationship between discount percentages, sales volume, and customer ratings across various product categories. The findings reveal that discount effectiveness varies by category, with Electronics and Computer Accessories benefiting the most from discount-driven sales, while other categories such as Office Products and the "Others" category show limited sales growth despite discounts. The correlation analysis indicates that discounts have little to no impact on customer ratings, suggesting that factors like product quality, brand reputation, and usability may play a stronger role in influencing customer satisfaction. Additionally, an examination of high-ticket items highlights that even substantial discounts do not always drive sales, particularly in categories with lower consumer demand or strong brand loyalty. Customer feedback analysis further confirms that negative reviews frequently mention product quality issues and unmet expectations rather than discount levels. Overall, discount strategies should be tailored to specific product categories, focusing on customer priorities beyond just price reductions to maximize sales and satisfaction.

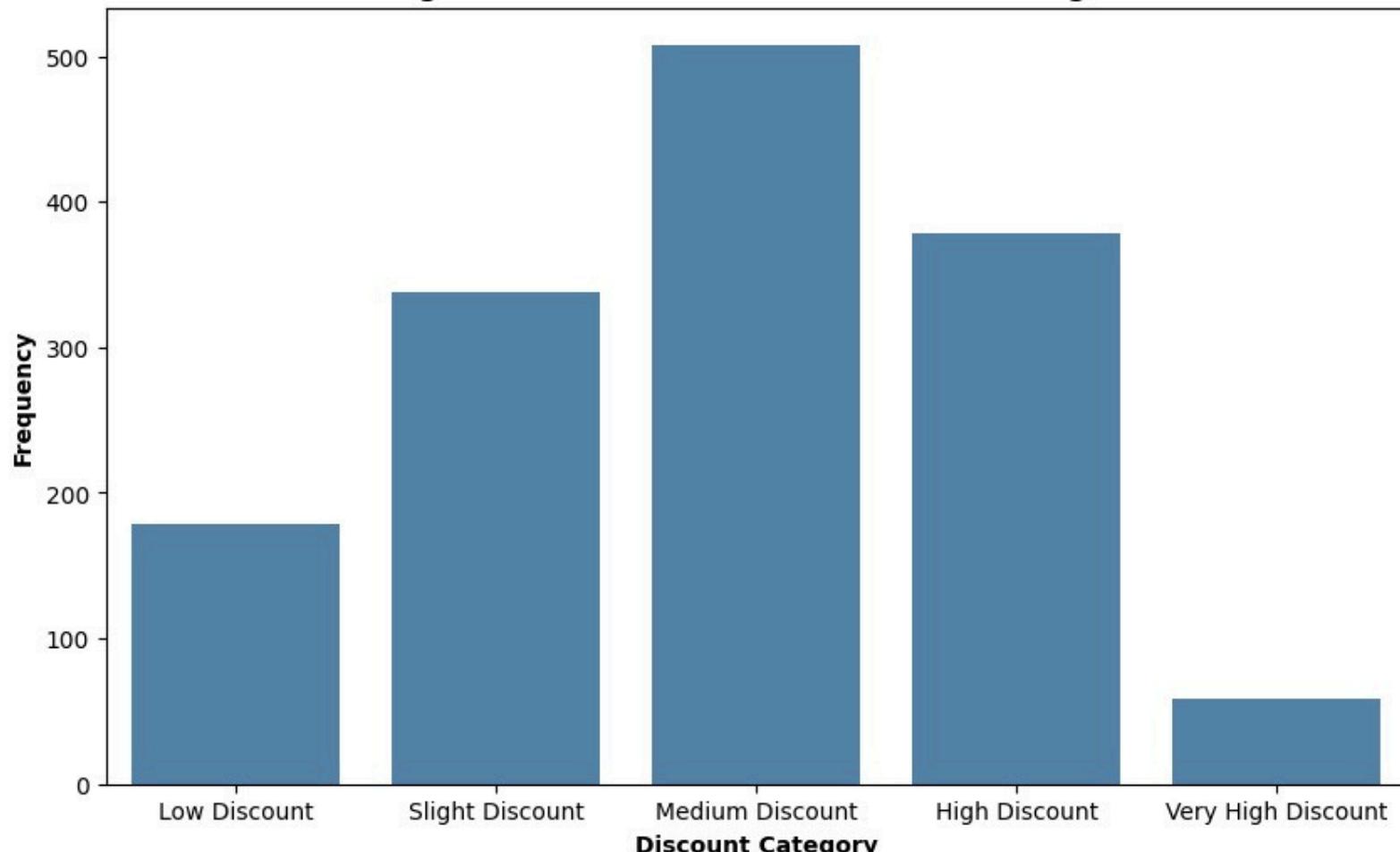
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ANALYSIS

1. DISCOUNT DISTRIBUTION AND ITS RELATIONSHIP

Figure 1: Distribution of Discount Percentages



The majority of discounts = 40% - 60%

Within this range, **the discount was highly effective** in boosting sales volume.

< 40% and > 60%: For discounts below 40% and above 60%, the frequency seems to be decreasing, indicating that **discounts have little effect on sales volume in these sectors, except for the medium discount range**

DOES DISCOUNT PERCENTAGE HAVE A SIGNIFICANT IMPACT ON CUSTOMER RATINGS ?

In figure 2 (Correlation Matrix), the correlation between **discount percentage and rating (-0.16)**, as well as **discount percentage and rating count (0.01)**, is weak, indicating that discounts do not strongly influence customer perception or review activity.

Similarly, Figures 3 and 4 (Scatter Plots) reinforce this finding, as both regression lines remain nearly flat, with **low R² values (0.0242 for discount vs. rating and 0.0001 for discount vs. rating count)**, demonstrating that neither ratings nor review counts fluctuate significantly with discount levels. These insights suggest that **discounts are not a key factor in shaping customer satisfaction and other elements such as product quality may have a stronger influence on purchasing decisions**.

Figure 2: Correlation Matrix of Discount, Rating, and Rating Count

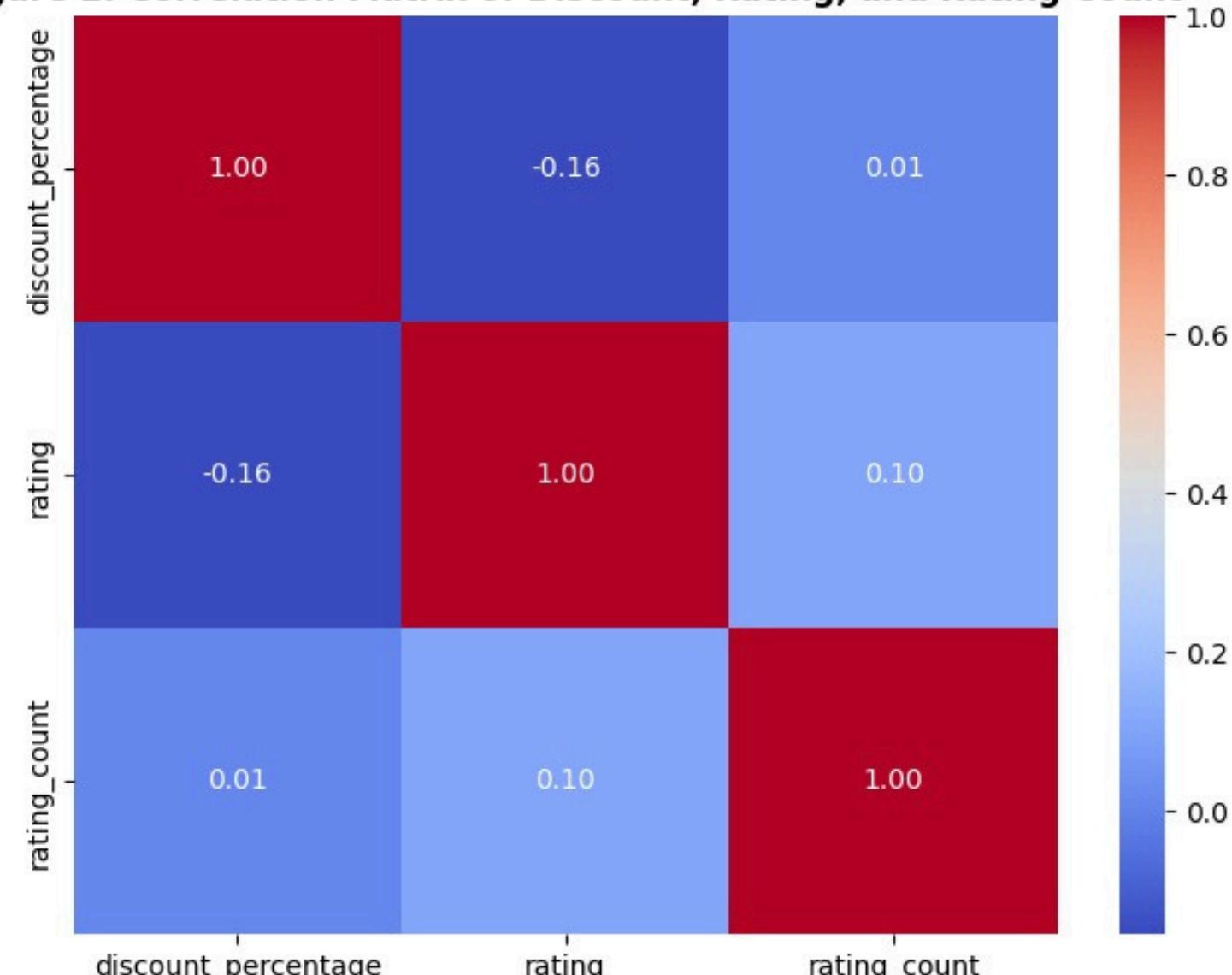


Figure 3: Scatter Plot of Discount vs. Rating with Regression Line

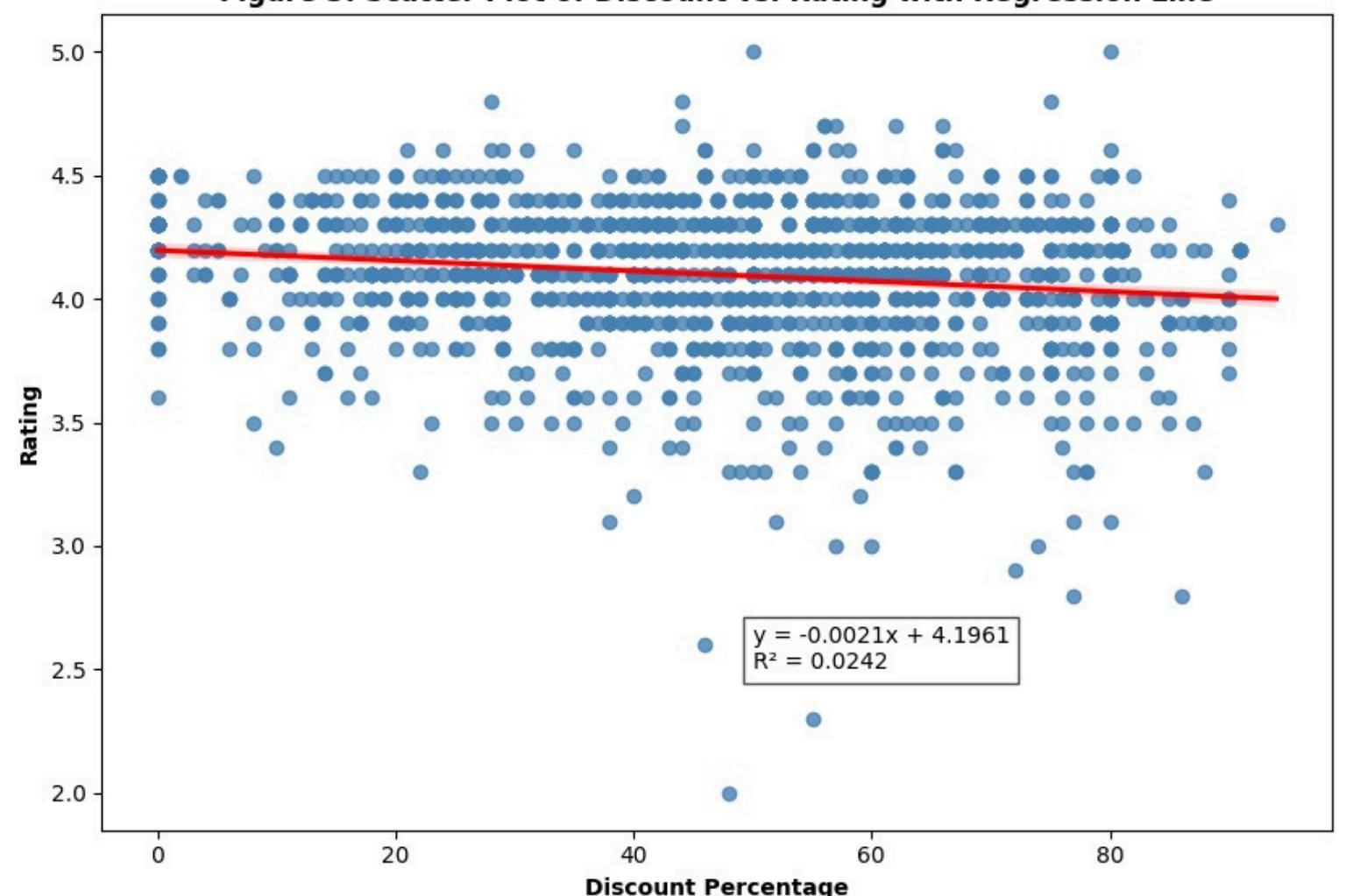
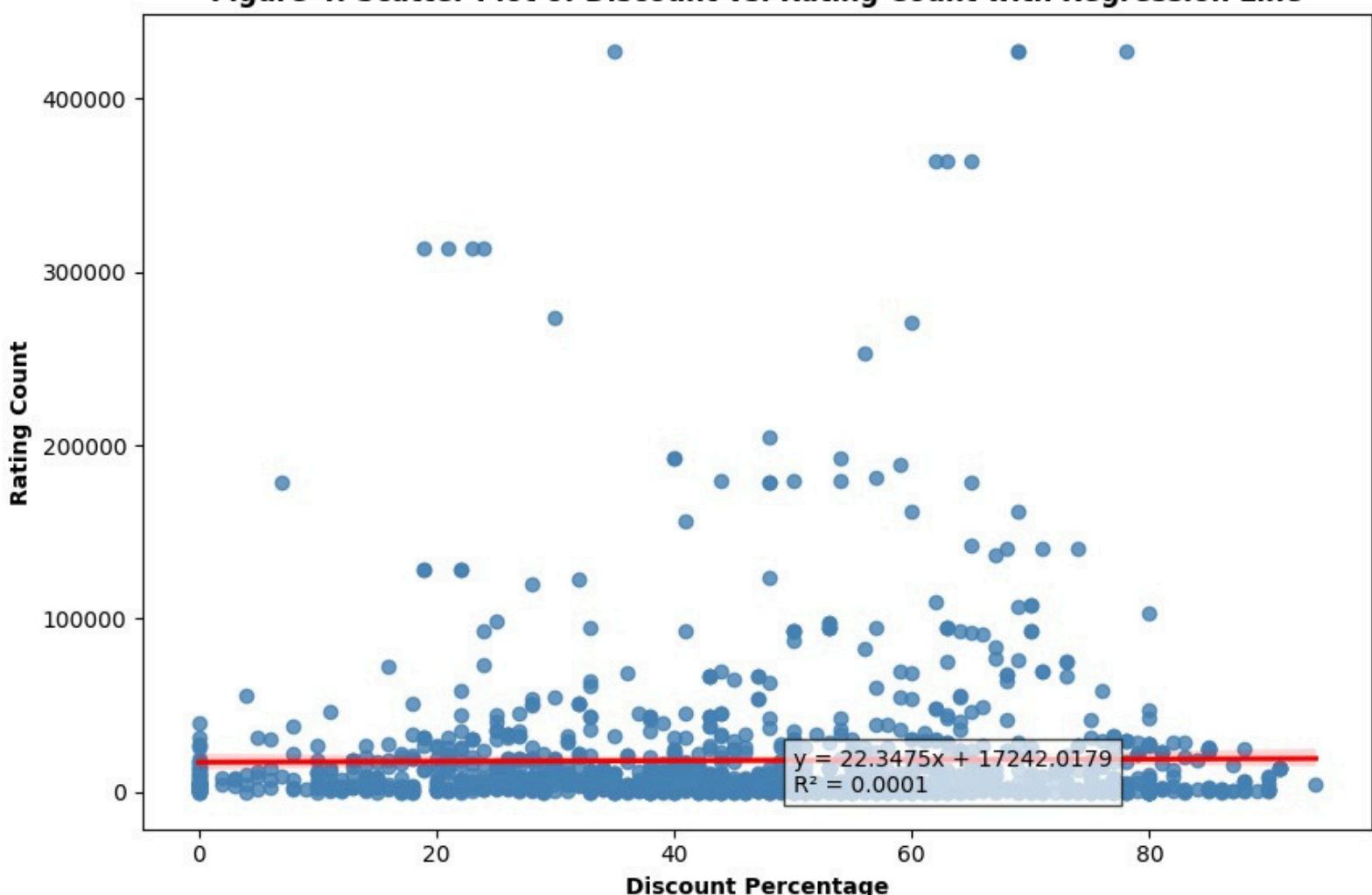
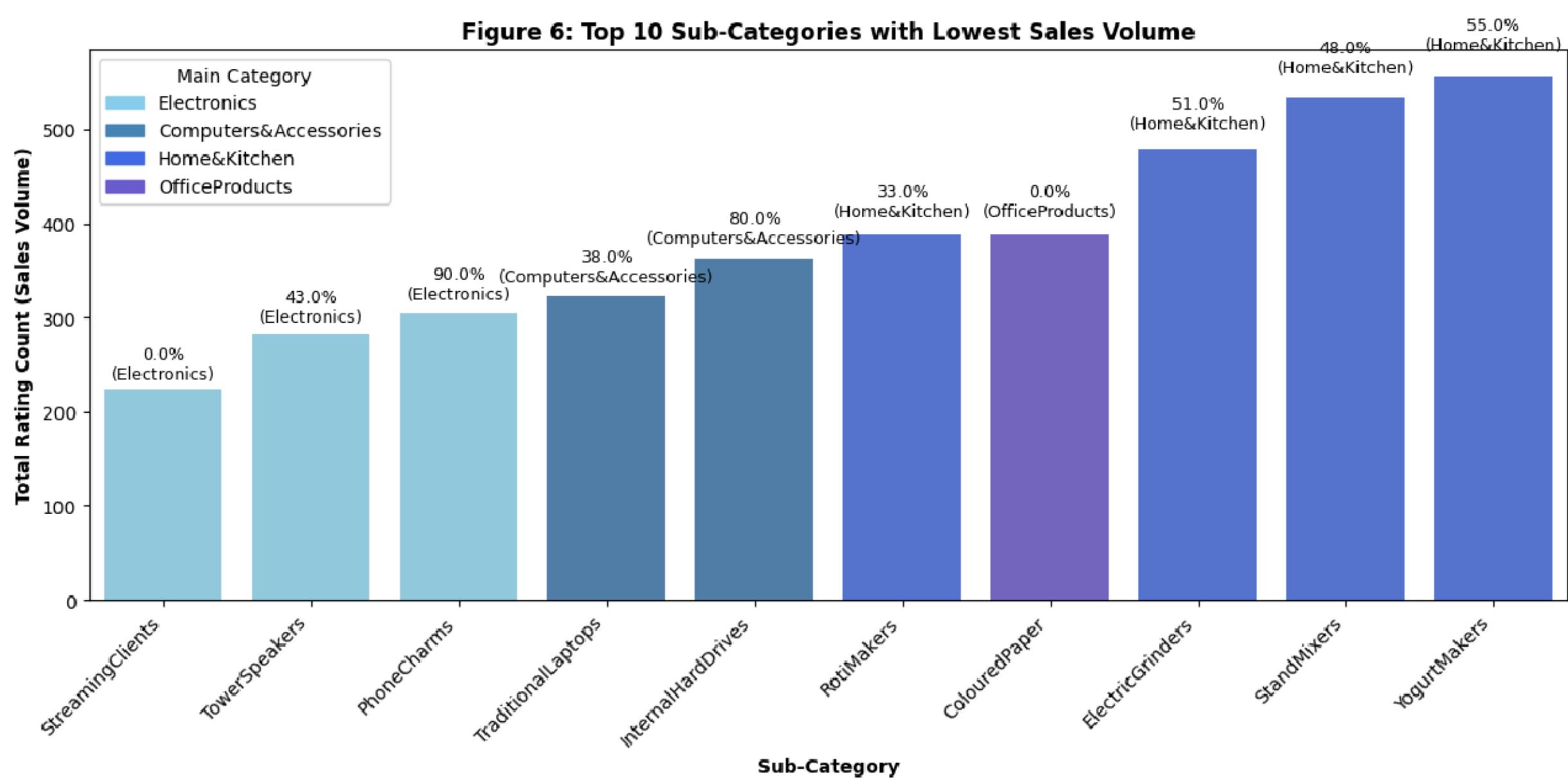
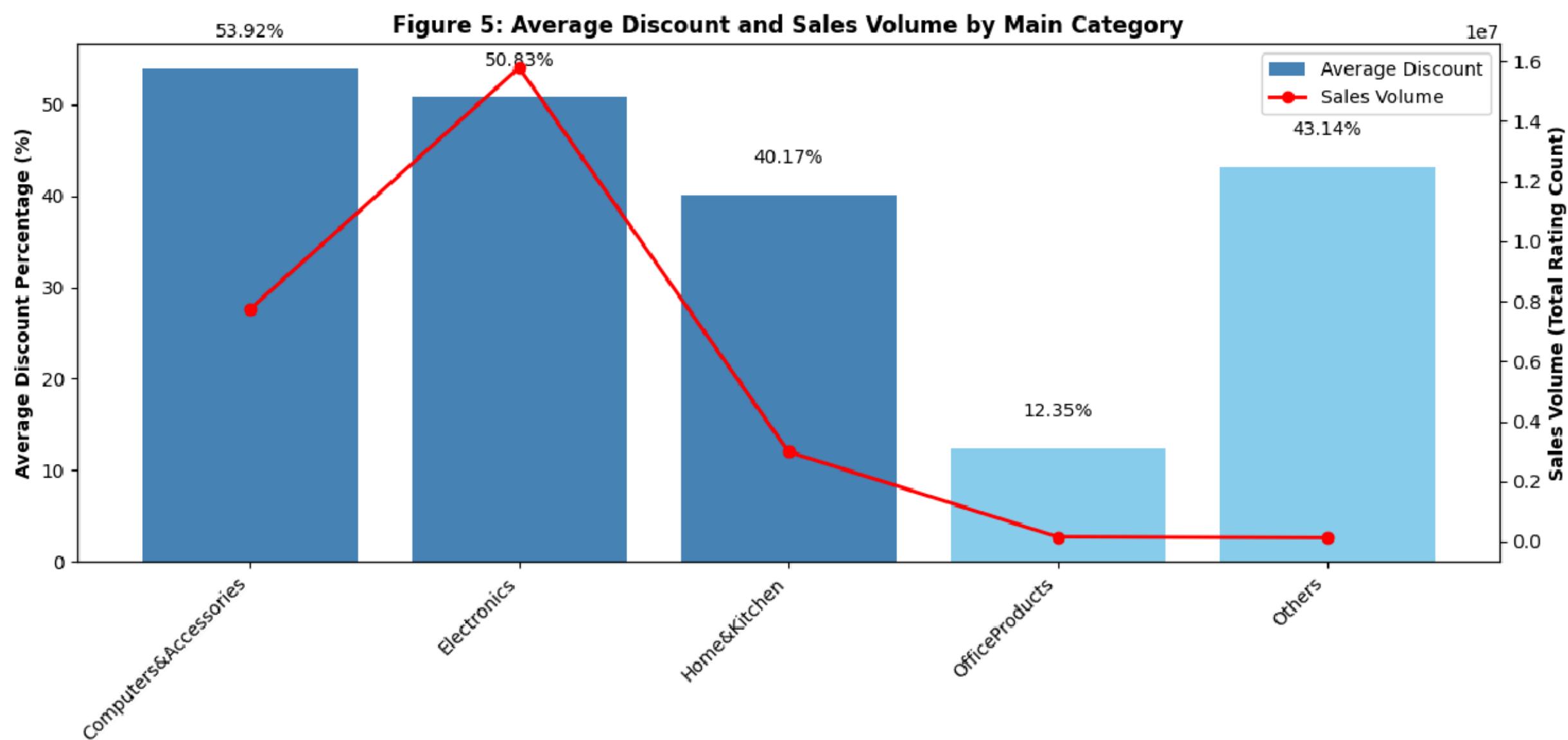


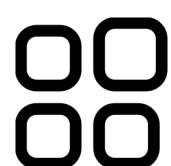
Figure 4: Scatter Plot of Discount vs. Rating Count with Regression Line



2. SALE VOLUME & CUSTOMER RATINGS



This category has **both the lowest average discount (12.35%) and very low sales volume**, suggesting that customers are not price-sensitive when it comes to these products. Sub-categories such as **Binding Machines and Calculators are among the lowest-selling, even when modest discounts are applied**. This points to naturally low demand or infrequent purchasing behavior, meaning that discounting is ineffective in stimulating sales.



The "Others" category presents a **high average discount of 43.14%, yet experiences very low sales volume**, indicating that discounts alone are not enough to attract buyers. This could **stem from poor product relevance, low visibility, or limited selection**. Unlike Electronics or Computer Accessories, price cuts do not translate into conversions, and these items may require better marketing, bundling, or re-categorization to improve their performance.



Electronics stands out with a **high average discount of 50.94% and a correspondingly strong sales volume**, showing that customers are highly responsive to price reductions in this category. However, several sub-categories like **Streaming Media Players and TV Accessories record extremely low sales volumes**, despite being part of a high-performing group. This suggests that while discounting works overall, not all products benefit equally, and some may be outdated or poorly positioned.



Computer category offers **the highest average discount (53.92%) and sees high overall sales**, indicating that discounts are a strong purchase driver. Despite this, some sub-categories such as **Monitor Accessories and Routers perform poorly, pointing to variation in product appeal**. A more tailored promotional approach is needed, as blanket discounting doesn't guarantee success across all items in this otherwise successful category.



Home & Kitchen products **receive a moderate discount (40.17%) and generate moderate sales volume**, reflecting a balanced response to discounting. However, sub-categories like **Wall Shelves, Storage Racks, and Shoe Organizers show low sales despite discounts nearing 50%**. This implies that price isn't the sole purchase factor—elements like design, functionality, and presentation likely influence buying decisions more heavily here.

The average discount

48%

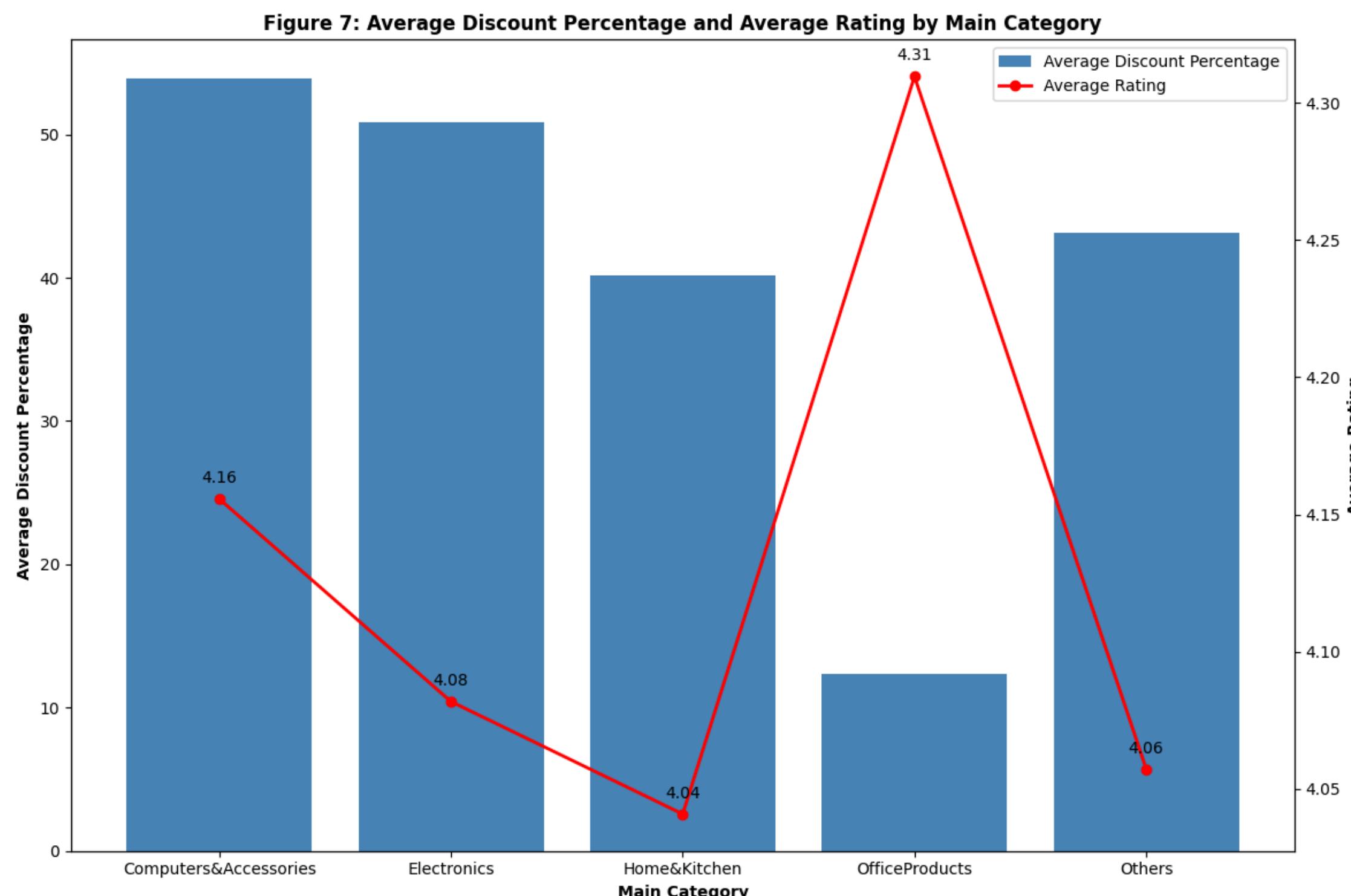
The max value of discount

94%

The min value of discount

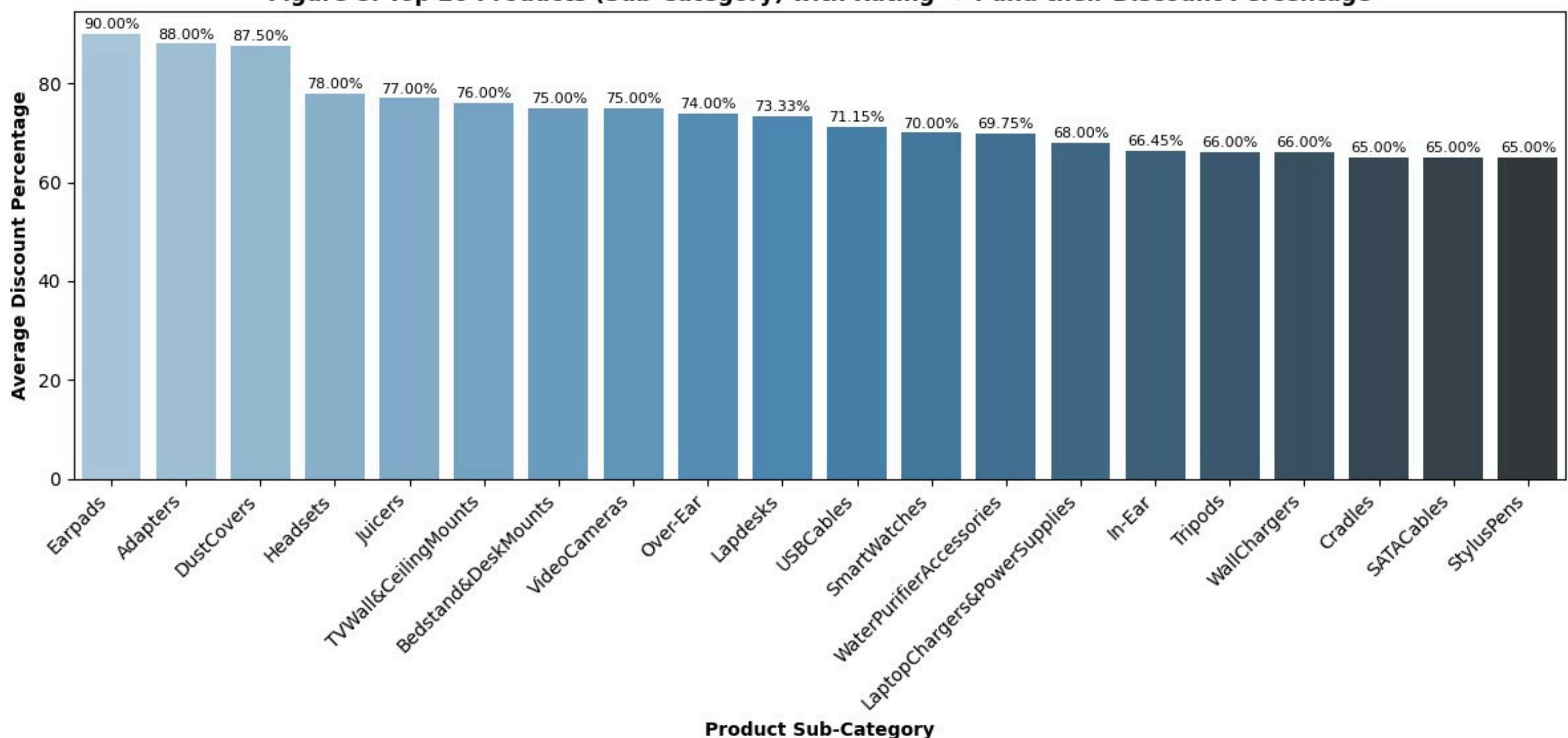
0%

2. SALE VOLUME & CUSTOMER RATINGS



The average rating = 4★
The max value of rating = 5★
The min value of discount = 2★

Figure 8: Top 20 Products (Sub-Category) with Rating < 4 and their Discount Percentage

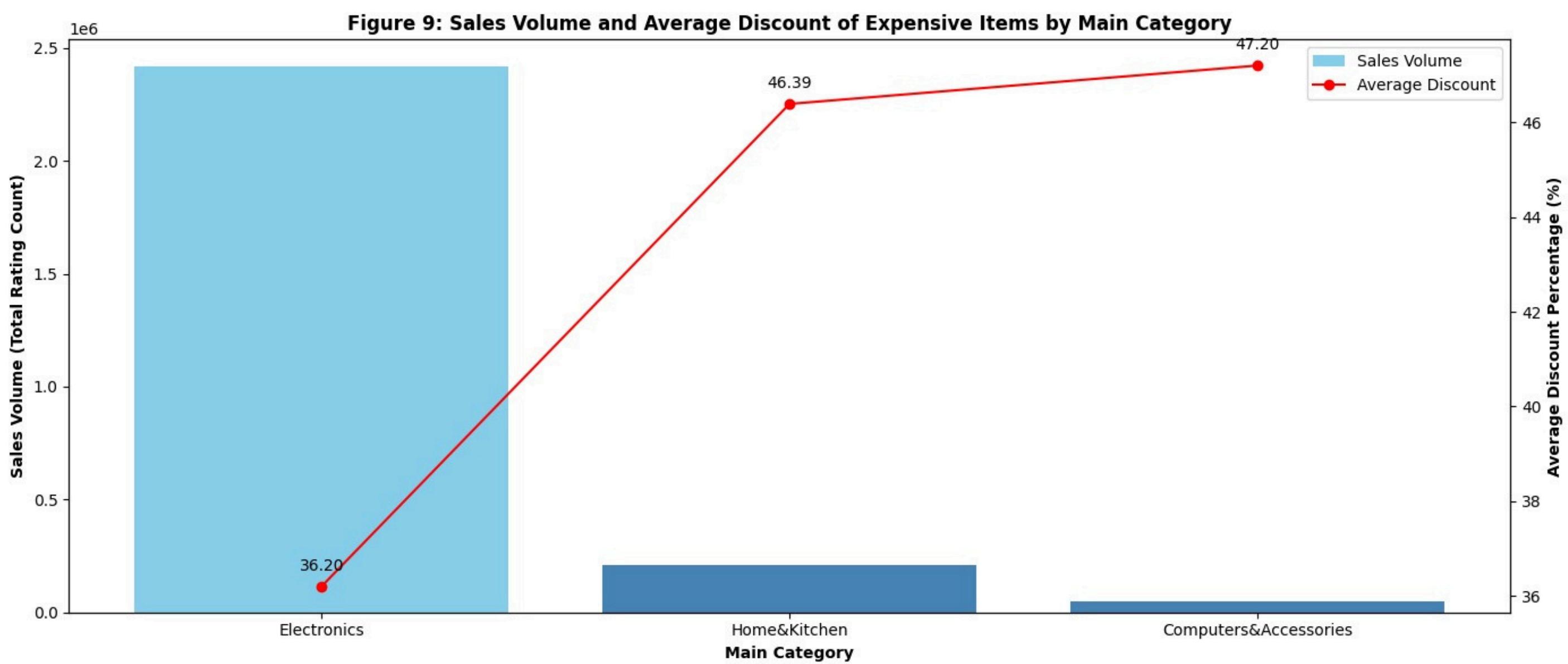


HOW ABOUT CUSTOMER RATINGS ?

The first chart shows that **Electronics and Computer Accessories receive the highest discounts (over 50%)**, yet their **average ratings remain moderate (4.08 and 4.16, respectively)**. Meanwhile, **Office Products**, despite having the lowest discount percentage, achieve **the highest average rating (4.31)**, suggesting that customers may **prioritize quality and utility over price reductions** in this category. The second chart further supports this trend, showing that **many low-rated subcategories (ratings < 4) still receive significant discounts**, reinforcing the idea that **discounting alone does not directly improve customer perception or satisfaction**.

Key findings: Discounts alone are not the primary driver of customer satisfaction, and factors such as product quality, usability may play a more crucial role in influencing ratings.

3. HIGH TICKET ITEMS



Electronics dominate the sales volume among expensive items, despite **having the lowest average discount (36.32%)** among the three categories. This suggests that **demand for high-end electronics remains strong even with moderate discounts**. However, businesses can further **boost sales** in this sector by **offering deeper discounts**.



Home & Kitchen items receive a higher average discount (46.39%) but generate significantly lower sales volume. This indicates that discounts in this category may not be as effective in driving sales, possibly due to customer preferences, product longevity, or lower urgency in purchasing expensive home-related items.



Computers & Accessories receive the **highest average discount (47.70%)** but experience **the lowest sales volume**. This suggests that even substantial discounts in this category **fail to significantly boost sales**, possibly due to **market saturation, lower consumer demand**, or a **preference for specific premium brands** that customers may purchase regardless of discounts.

4. CUSTOMER FEEDBACK

Common Issues in Low-Rated Product Reviews (Rating < 3.5)



This word cloud reveals that even in **low-rated reviews (rating < 3.5)**, terms like “**good**,” “**product**,” and “**ok**” appear frequently, suggesting that customers may find some value but are largely disappointed due to unmet expectations. Common issues include “**not working properly**,” “**slow charging**,” “**battery life less**,” and **connectivity problems with phones**, especially in tech accessories and smart devices. Phrases like “**value for money**” and “**not as expected**” highlight a recurring gap between product promise and performance, indicating that quality, reliability, and realistic marketing are key areas for improvement.

5. RECOMMENDATIONS

Optimize Discounts for High-Performing Categories

- Focus on offering **targeted discounts** for **Electronics and Computer Accessories**, as these categories show **a strong correlation between discounts and sales volume**. Amazon can also experiment with **strategic seasonal or promotional discounts** rather than continuous markdowns to maintain perceived value.

Improve Product Quality and Customer Experience

- Address common complaints from **low-rated reviews**, particularly **product defects, poor durability, and unmet expectations**.
- Implement **stricter quality control measures** and provide better **product descriptions and customer education** to align **expectations with reality**.

Refine Discount Strategies for Low-Impact Categories

- For Office Products and the "Others" category, where **discounts do not significantly impact sales**, consider **alternative marketing strategies such as bundling, loyalty programs, or added-value promotions**.