Amazon India Sales Performance

The Hidden Cost of Discounting

February 2026 | AI Analytics System

Context

₹642M in sales across 10,000 orders — January through mid-February 2026

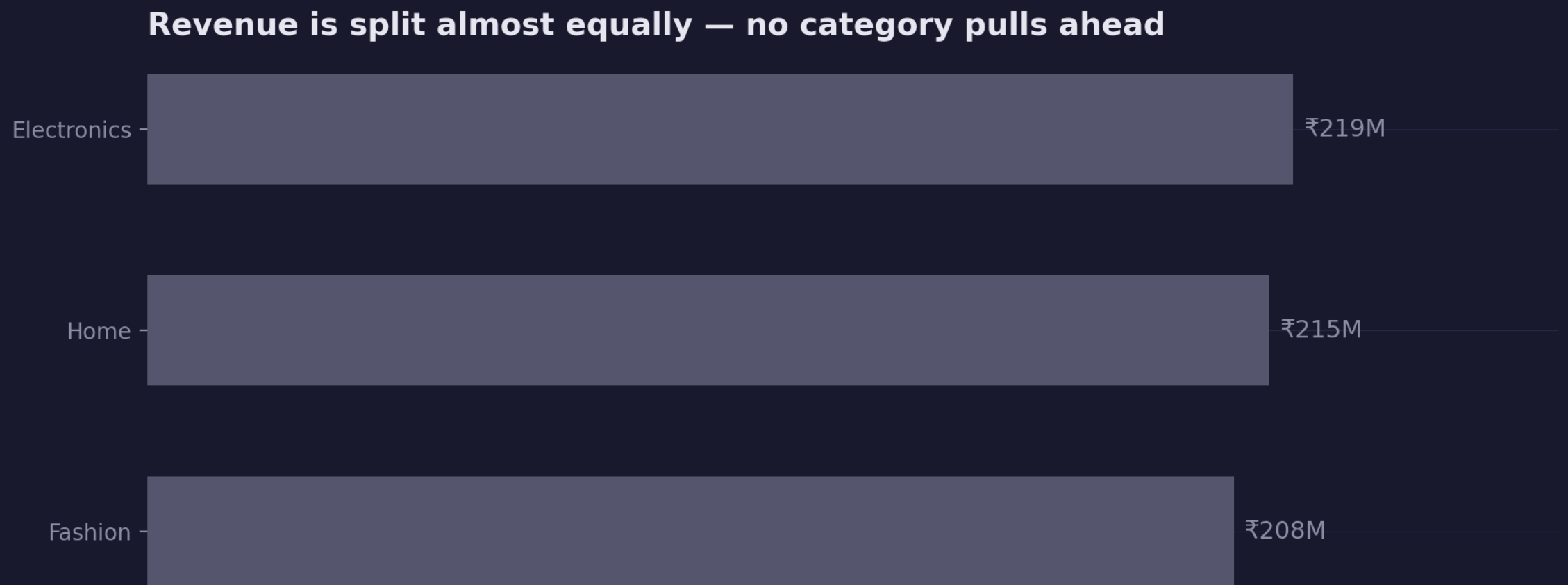
₹642M in sales, 10,000 orders — Jan through mid-Feb 2026

This analysis covers all 10,000 Amazon India orders placed between January 1 and February 10, 2026 — 41 days of complete, verified data. Total revenue: **₹642M**. Average order value: **₹64,213**. Revenue is distributed across three categories and seven sub-categories, with all financial metrics independently verified.

Metric	Value
Total Revenue	₹642.1M
Total Orders	10,000
Avg Order Value	₹64,213
Avg Units per Order	3.01
Avg Discount Rate	15.0%
Period	Jan 1 – Feb 10, 2026

No single category dominates — all three are within 2%

Electronics leads at 34.2% of revenue (₹219M), followed by Home (33.4%) and Fashion (32.4%). The gap between first and last is 1.8 percentage points. Within categories, Furniture leads sub-categories at ₹112M. No concentration risk — and no single category to credit or blame for performance variation.



The Discount Problem

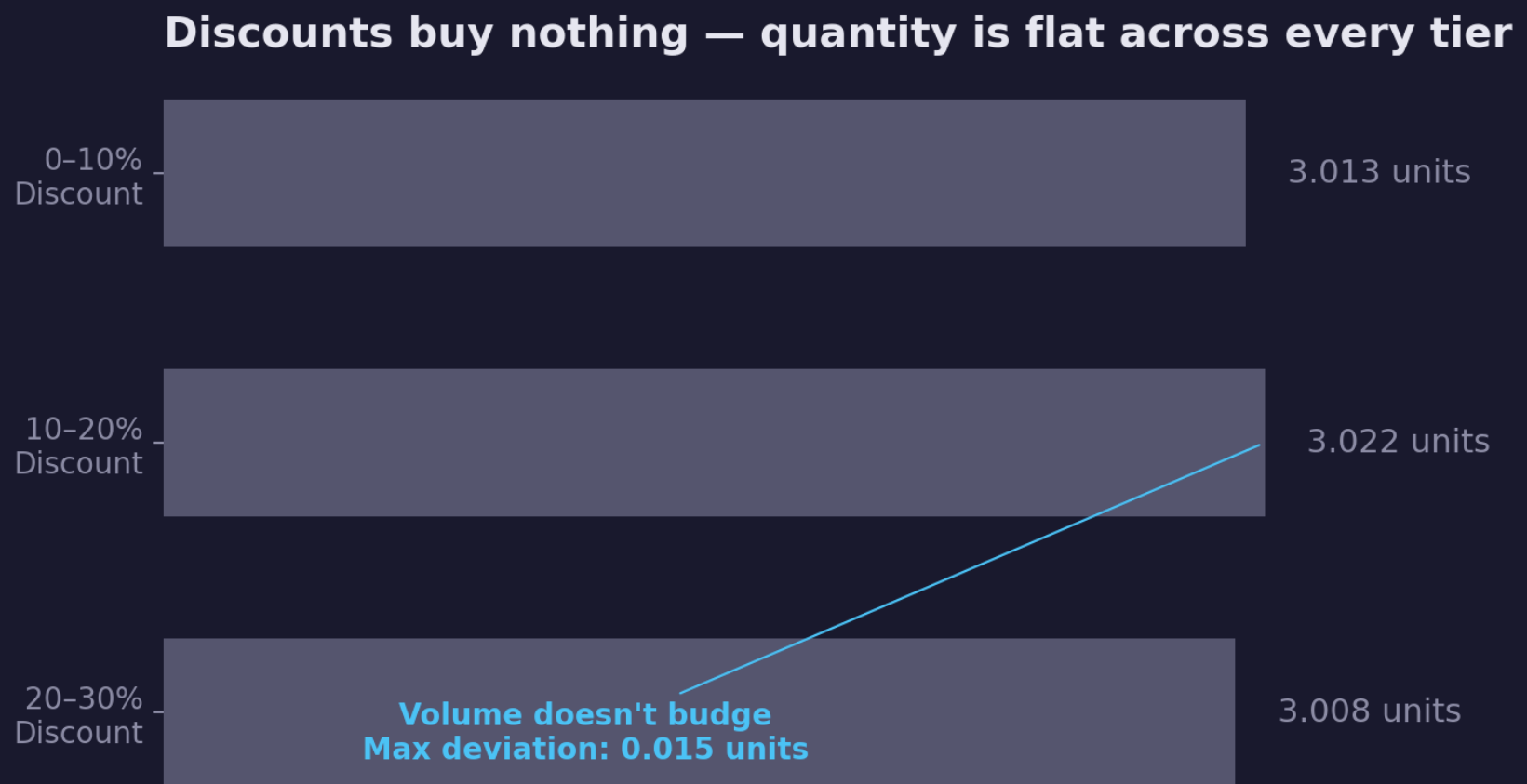
₹113M given away — with nothing to show for it

One rupee in seven was discounted away before the sale closed

Against ₹754M in gross potential revenue, Amazon India gave ₹112.9M in discounts — retaining just 85 cents of every gross rupee. The average discount rate was 15%, applied uniformly across all categories. Orders are distributed roughly equally across three tiers: 0–10%, 10–20%, and 20–30% discount.

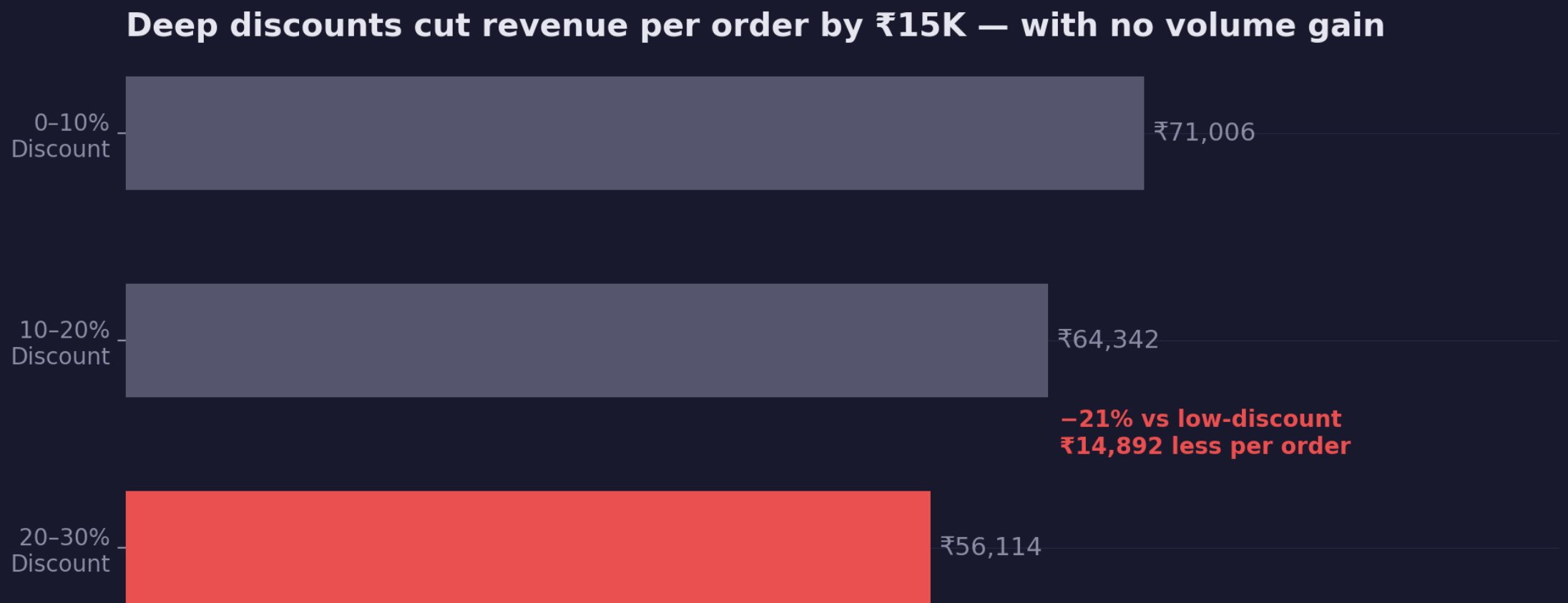
Discounts buy nothing — quantity is flat across every tier

Across every discount tier, the average number of items per order is identical: 3.013 at 0–10% discount, 3.022 at 10–20%, and 3.008 at 20–30%. The maximum deviation across all buckets is 0.015 units — statistically indistinguishable from zero. Customers ordering at 28% discount put the same number of items in their cart as customers at 5% discount.



Deep discounts cut revenue per order by ₹15K — with no volume gain

Average order value falls monotonically with discount depth: ₹71,006 at 0–10%, ₹64,342 at 10–20%, and ₹56,114 at 20–30% — a ₹14,892 drop, or 21% lower revenue per order in the highest discount tier. This pattern holds in every category. There is no segment where deep discounts sustain revenue per order.

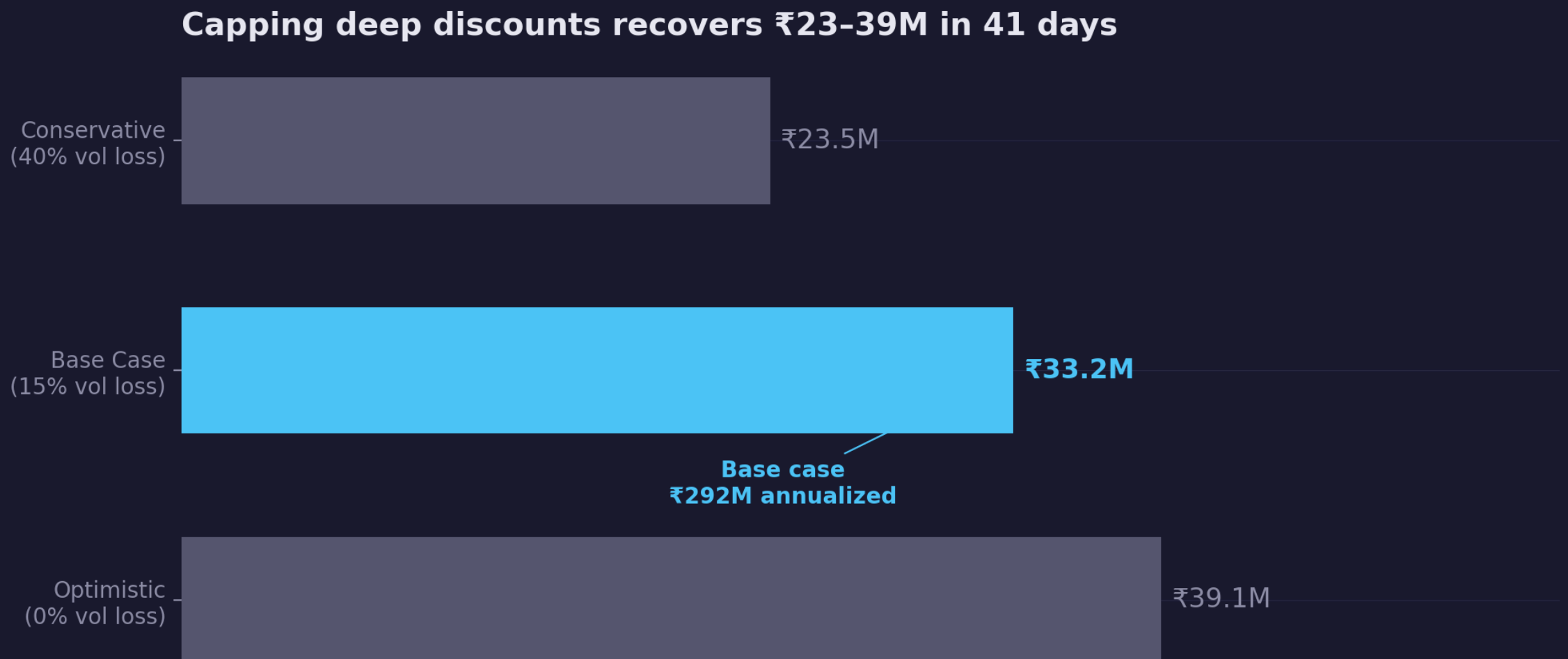


The Opportunity

₹23–39M in recoverable revenue — no new customers required

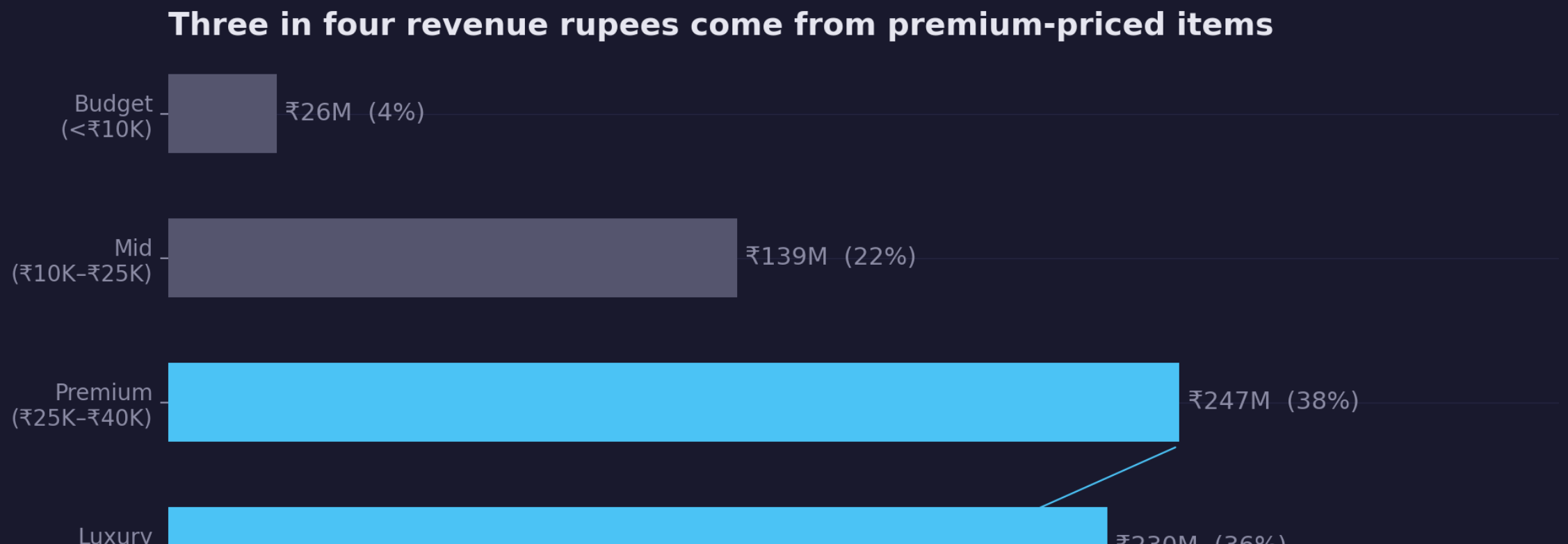
Capping deep discounts recovers ₹23–39M in 41 days

The 3,162 orders in the 20–30% discount tier would generate ₹39.1M more revenue if repriced to 10% discount — assuming zero volume loss. Under a conservative scenario with 40% volume loss, recovery is still ₹23.5M. The base case (15% volume loss) is ₹33.2M. The volume data supports the base case: discount depth shows no correlation with units ordered.



Three in four revenue rupees come from premium-priced items

Premium (₹25K–₹40K unit price) and Luxury (>₹40K) segments together generate 74.2% of total revenue — ₹477M of ₹642M — with average order values of ₹83K and ₹115K respectively. The Budget segment (<₹10K) generates only 4.1% of revenue. Deep discounting on high-ticket items accelerates the revenue erosion: a 25% discount on a ₹45K item costs ₹11,250 per unit before quantities compound.



What We Do About It

Two decisions. One 30-day timeline.

Cap deep discounts and run a controlled test

Recommendation 1: Remove the 20–30% discount tier for Premium and Luxury items

These items drive 74% of revenue. Volume data shows no discount elasticity. Each percentage point of unnecessary discount on a ₹40K+ item costs ₹400–₹500 per unit.

- **Decision owner:** Head of Pricing / Commercial Director
- **Success metric:** AOV for Premium/Luxury segment increases from ₹89K to ≥₹95K within 30 days
- **Timeline:** Policy update within 14 days; monitor weekly AOV for 30 days
- **Confidence:** Medium — elasticity assumed low based on volume data; unconfirmed
- **Key risk:** Monitor weekly order count; if Premium/Luxury volume drops >10%, pause and investigate

Run a 30-day A/B test to validate elasticity on all tiers

Recommendation 2: A/B test — cap 20–30% discount at 10% for 50% of eligible orders

The elasticity question must be resolved before a full policy rollout. The test answers it directly: same customers, same period, different discount ceiling.

- **Decision owner:** Head of Growth / Analytics team
- **Success metric:** Test group revenue per order ≥₹68K (vs ₹56K control); volume loss <10%
- **Timeline:** Test design complete in 7 days; test runs 30 days; decision at day 37
- **Confidence:** High — test design is straightforward; sample size (1,581 orders per arm) is sufficient
- **Key risk:** Stratify by category to ensure balanced assignment; avoid spillover between test and control

Next Steps

Action	Owner	Deadline
Remove 20–30% discount tier for Premium/Luxury items	Head of Pricing	Mar 6, 2026
Design A/B test protocol (50/50 split, 30 days)	Analytics Lead	Feb 27, 2026
Launch A/B test	Growth Team	Mar 2, 2026
Read test results and make full rollout decision	Commercial Director	Apr 3, 2026
Report back on Premium/Luxury AOV movement	Analytics Lead	Mar 20, 2026

Total opportunity on the table: ₹23–39M over the next 41-day equivalent period (base case: ₹33.2M)

Appendix

Data Quality Notes

Issue	Severity	Impact on This Analysis
49.1% of ship/delivery dates precede order date	High	Logistics metrics excluded; revenue analysis uses order_date only — unaffected
Product names are placeholder text ("without", "school", "I")	Medium	Product-level analysis impossible; sub_category used throughout
Country = "India" but states are US state names	Medium	State-level geography unreliable; excluded from all findings
Quantity and payment method distributions are perfectly uniform	Low	Likely synthetic data; does not affect revenue or discount analysis
February data covers only 10 of 28 days	Low	MoM comparisons use daily averages; raw Feb total not compared to Jan total
Only one order_status value ("Delivered")	Low	No returns, cancellations, or funnel analysis possible

All financial metrics (total_sales formula, totals, averages) independently verified and confirmed exact.

Category × Discount Deep Dive

AOV by category and discount bucket — confirming the pattern is not a mix effect:

Category	0–10% Disc	10–20% Disc	20–30% Disc	Decline
Electronics	₹72,247	₹65,675	₹57,809	–20.0%
Fashion	₹70,251	₹65,209	₹54,419	–22.5%
Home	₹71,776	₹62,185	₹56,048	–21.9%

All three categories show the same monotonic decline. The aggregate finding is not driven by category mix shifts. Simpson's Paradox check: passed.

Sub-Category Revenue Breakdown

Sub-Category	Category	Revenue	% of Total	Avg Order Value
Furniture	Home	₹111.8M	17.4%	₹64,352
Footwear	Fashion	₹104.0M	16.2%	₹62,167
Clothing	Fashion	₹104.0M	16.2%	₹65,165
Kitchen	Home	₹102.9M	16.0%	₹62,718
Laptop	Electronics	₹74.7M	11.6%	₹66,781
Mobile	Electronics	₹74.3M	11.6%	₹64,875
Accessories	Electronics	₹70.4M	11.0%	₹64,659

Furniture leads by revenue volume (highest order count); Laptop leads by AOV. Electronics sub-categories have marginally higher AOV than Home and Fashion sub-categories.

Price Tier Definition and Revenue Summary

Price Tier	Unit Price Range	Orders	Revenue	Avg Order Value	% of Revenue
Budget	<₹10,000	1,954	₹26.4M	₹13,498	4.1%
Mid	₹10K–₹25K	3,070	₹139.1M	₹45,321	21.7%
Premium	₹25K–₹40K	2,975	₹247.2M	₹83,082	38.5%
Luxury	>₹40K	2,001	₹229.5M	₹114,668	35.7%

Premium + Luxury combined: **74.2% of revenue** from **49.8% of orders** — above-proportionate revenue contribution confirms premium mix is the performance engine.