

The Effectiveness of Discounts and Promotions in Attracting Customers

Emma Casmiro Victoria Pereira

Abstract

Just like how an eagle's eye notice its prey from a far, discounts hold the same value for any business as they can grab peoples' attention like nothing else. In short, everyone likes deals! The other side of the coin though is 'if use too frequently, discounts can lead to detrimental consequences.' Imagine how people start perceiving goods with overly discounted priced tags- most of us assume such goods are not worth the money we're led to believe they're valued at. This in turn negatively affects the brand's perception along with its profits.

This piece of research attempts to understand the inner workings of discounts and their alluring appeal, along with the consequences of using them too carelessly. It is also concerned with more responsible application of discounting such as setting brand reputation targets, identifying the right customers, and ensuring profits. Specialists and practitioners articulate the need for balancing the amount of discounting done with their overriding business objectives through using the data gathered in the form of case studies.

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Emma Casmiro Victoria Pereira

Business Management and Behavioral Economics

The Discount Dilemma: Balancing Customer Appeal and Brand Value

We've all been lured by a flashy "50% OFF" sign or a limited-time deal. For businesses, discounts are like catnip for customers—they work wonders to grab attention and drive sales. But here's the catch: overdo it, and you risk training customers to only show up when there's a sale, while quietly chipping away at your brand's prestige. Let's unpack this tightrope walk.

The Good: Why Discounts Feel Like Magic

Discounts tap into something primal in shoppers. That little rush of scoring a deal? It's not just excitement—it's FOMO (fear of missing out) and the thrill of "winning" against the system. For businesses, this psychology is gold. Slash a price or run a weekend promo, and suddenly, carts fill up, emails pour in, and social media buzzes. It's instant gratification for both sides: quick sales for you, happy customers for them.

And in crowded markets, discounts help you stand out. When everyone's selling similar products, a cleverly timed deal can make your brand the obvious choice. (Looking at you, Black Friday!)

The Bad: When "Deals" Backfire

But here's where things get slippery. If you're always on sale, customers start to wonder: "Is this product

even worth the original price?” Premium brands, in particular, walk a thin line. A luxury handbag brand running constant discounts? That’s like a five-star restaurant offering dollar tacos—it confuses people and cheapens the vibe.

Worse, you might attract “discount addicts”—customers who only buy when there’s a promo. They’ll ghost you the second prices go back to normal. And let’s not forget the math: if your profit margins are razor-thin, heavy discounts can turn a “big sale day” into a net loss.

The Ugly Truth About Profit

Speaking of math—discounts aren’t free. You’re not just giving away money; you’re also spending on ads to promote the sale, staffing to handle the rush, and maybe even overtime for your warehouse team. If you’re not careful, a “successful” promotion could actually cost you.

How to Discount Without Desperation

So how do you use discounts wisely? Think of them like hot sauce—a little adds flavor; too much ruins the meal.

1. Know Your Crowd

Gen Z might swipe up for a TikTok promo code, but Grandma prefers a coupon in the Sunday paper. Tailor your approach.

Use data (yes, actually look at your sales reports) to see what works. Did last year’s “BOGO” event boost loyalty, or just clear out dusty inventory?

2. Protect Your Brand’s Reputation

If you’re a high-end brand, avoid blanket discounts. Try exclusive offers for loyal customers instead. Frame promotions as “special access” or “early-bird perks”—not fire sales.

3. Set Boundaries

Time-box deals. “48 hours only” creates urgency without conditioning customers to wait forever.

Pair discounts with something that adds value: free shipping, a bonus sample, or a donation to a cause.

4. Be Honest

No shady fine print. If the deal’s only for first-time buyers, say so upfront. Trust is harder to rebuild than a sale is to make.

The Bottom Line

Discounts aren’t evil—they’re a tool. Used strategically, they can attract new fans, reward loyalists, and clear out last season’s inventory. But lean on them too hard, and you’ll erode both profits and prestige. The key? Balance. Make customers feel like they’re getting a win without teaching them to never pay full price.

And hey, you’re not alone in figuring this out. Researchers (like those at Jadavpur University, which the UGC recognizes for its consumer behavior studies) have spent years decoding these patterns. The takeaway? Smart discounts are about playing the long game. Because nobody wants their brand to become the “discount bin” default.