JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
FIRST TRIMESTER (Batch 2025-27)
END TERM EXAMINATIONS, OCTOBER 2025
SET-1

Course Name	**Managerial Economics**	Course Code	**20401**
Max. Time	**2 hours**	Max. Marks	**40 MM**

INSTRUCTIONS:

a. Read the article below and answer the questions that follow.
b. All questions are compulsory.
c. All questions carry equal (5) marks.

Offline mobile sales plunge 40% ahead of ecomm big sale events

(Mint, September 24, 2025)

New Delhi: Sales of mobile phones have dropped almost 40% in offline retail stores over the last 10 days, industry executives and market trackers said, as consumers waited for ecommerce sale events anticipating attractive deals. Flipkart and Amazon opened their flagship sale events Monday midnight, offering steep discounts on smartphones, primarily premium Samsung and Apple products. Offline retailers said they are unable to match the prices. Also, the majority stocks of these products have been diverted to online channels, they claimed. "Apple and Samsung each have supplied around 2 million units for the first sale, while all other brands put together have supplied 3-4 million units to ecommerce platforms," said Kailash Lakhyani, chairman of the All India Mobile Retailers Association, which represents more than 150,000 mobile phone retailers. Apple and Samsung didn't immediately respond to ET's queries.

There is also no impact of the GST reforms on sales so far, as the tax on mobile phones remains at 18% despite requests from the industry to rationalise it by declaring mobiles as essential goods, industry executives said. With stocks running out on online channels after the first day of the sale itself, offline retailers expect customers to start walking in from later this week. They predict sales to double month-on-month during the festive period. Compared with last year, they are expecting a 20% rise in sales. A Jharkhand-based retailer said customer walk-ins started increasing from Monday itself. "Everyone is asking for the iPhone 16 series and Samsung S24 FE, which are on sale on online platforms, and offline stores don't have enough stocks of these products," an Odisha-based retailer told ET. "Prices of these particular models are also much higher across offline stores." A retailer from Hyderabad said he expects supplies of new models to be further constrained as brands are focusing on clearing out older stocks as fast as possible in the first half of the festive season. Retailers have the older models of iPhones stocked but are unable to sell due to the steep discounts that customers walking in are demanding to match the prices on online channels, he said.

Festival sales have already started in the East and South, but mobile phone demand declined by almost 40% as consumers waited for online deals, Lakhyani of the retailers association said. Every year, offline channels suffer from declining sales for the first 15-20 days of the festive period, with sales dipping by as much as 50%, he said. Sales again pick up closer to Diwali. Counterpoint Research's early insights indicate a strong start to the festive season sales for the ecommerce platforms. Research director Tarun Pathak said the festive period is expected to see a 4% on-year increase in volumes, and an 11% increase in value, up from a previous estimate of 8% value growth on the back of strong demand for high-end smartphones. CCS Insights senior analyst Ekta Mittal said Flipkart took the lead with hefty discounts on iPhones, especially on the older models. "The platform created FOMO (fear of missing out) by slowly adding new inventory, tweaking bank offers, and even adjusting delivery schedules every few minutes," Mittal said.

The iPhone 16 base model went for as low as Rs 51,999, or 35% lower than the launch price, while the Pro models were priced about 28% lower than their initial prices on ecommerce platforms, the research firm observed. However, within a few hours of the sale going live, prices of phones which are in high demand shot up. "Prices of the iPhone 16 Pro and Pro Max increased by about 5% due to higher demand compared to previous years," Mittal said.

Q. No	Question	BTL/ CO
1.	The article states that offline smartphone sales fell by 40% when online discounts were announced. Assume the average offline price was ₹20,000 and online discounts reduced the effective price by 20%. Calculate the price elasticity of demand for offline smartphones and interpret whether demand is elastic or inelastic. Critically evaluate how this elasticity measure should influence the pricing and promotional strategies of offline retailers, considering cross-channel competition with online platforms.	BTL 3: CO1
2.	Explain how the free market forces of demand and supply determined the surge in online smartphone sales during the festive season, and analyze why offline retailers are seeking regulatory intervention	BTL 2: CO1
3.	Offline retailers argue they cannot match online discounts due to higher operating expenses. Using the concepts of fixed and variable costs, explain why offline retailers face higher average costs compared to online platforms.	BTL 3: CO2
4.	Suppose an offline retailer incurs fixed monthly costs of ₹10,00,000 (rent, salaries) and a variable cost of ₹2,000 per smartphone. The selling price is ₹2,500 per smartphone. 4.1. Calculate the contribution margin per unit. 4.2. Compute the break-even sales volume (in units).	BTL 3: CO2
5.	Based on the case, identify the market structure in which online platforms like Flipkart and Amazon are operating in the mobile phone retail space. Critically justify your answer with case evidence.	BTL 5: CO3
6.	The article mentions that "consumers were waiting for steep discounts in online sale events." Explain whether these online discounts qualify as first-degree, second-degree, or third-degree price discrimination and justify your answer with reference to the case	BTL 2: CO3
7.	Offline retailers are "unable to match prices" offered by e-commerce platforms. Using the concepts of pricing strategy and operational cost structures, analyze why online platforms are able to sustain aggressive discounting, while offline retailers struggle to compete.	BTL 4: CO3
8.	When Flipkart and Amazon launch festive discounts, offline retailers experience a 40% fall in sales. Using the concept of price rigidity in concentrated markets (along with the relevant diagram), analyze why offline retailers cannot easily change prices to compete.	BTL 4: CO3