



Effect of Dealer Profit Margin Factors on Sales Growth: A Dealer Perspective from the Electrical Consumer Durables Sector

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Abstract

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Dealer profits in the electrical consumer durables industry depend on how manufacturers structure trade discounts, volume-based programmes, incentive schemes and credit terms, yet most evidence on these mechanisms comes from automobile, FMCG and general channel settings, and little is known from the dealer's side in India. This paper examines how four margin components (Trade Discount, Volume Based Schemes (VBS), Incentives and Credit Period) relate to Dealer Perception, Dealer Motivation and Sales Growth. A quantitative cross-sectional design was used, with a structured 35-item questionnaire on a five-point Likert scale administered to 200 multi-brand dealers (165 from the Bengaluru region and 35 from Hassan) in two waves between 14 August and 17 September 2026. Descriptive statistics, Pearson correlation, multiple regression, mean-score ranking, one-way ANOVA and relative-importance ranking were applied, followed by robustness checks for estimation method, data-collection wave and repeated response patterns. The four margin components explain 33.6% of the variance in Dealer Perception, 27.9% in Dealer Motivation and 24.9% in Sales Growth. Incentives is the only component significantly related to all three outcomes (Sales Growth: $B = 0.314$, $p < .001$) and remains significant under every robustness check. Trade Discount is consistently associated with Dealer Perception ($B = 0.275$) and Dealer Motivation ($B = 0.471$) but only weakly with Sales Growth ($p = .035$). VBS relates positively to Dealer Perception, while its negative coefficient for Dealer Motivation disappears once the collection wave is controlled. Dealers rate the usefulness of margin

structures highest (3.85) and their fairness lowest (3.19), and perception does not differ significantly by business volume ($p = .205$) or experience ($p = .782$). The findings indicate association rather than causation and should be read in light of the self-reported data, low reliability of some scales and differences between collection waves.

Keywords: dealer margin; trade discount; volume-based schemes; incentives; credit period; dealer motivation; sales growth; electrical consumer durables.

1. Introduction

In the electrical consumer durables channel, dealers connect manufacturers with final consumers through inventory holding, product demonstration, local promotion, order handling and after-sales coordination. A dealer's willingness to stock and push a brand therefore depends not only on consumer demand but also on the commercial terms offered by the manufacturer. Dealer profit margin is treated here as a combination of four components that operate simultaneously:



the trade discount, which lowers the cost price; volume based schemes, which reward purchase targets; incentives, which reward selling effort and achievement; and the credit period, which shapes working-capital requirements.

Principal-agent theory explains why manufacturers use variable rewards to influence intermediaries whose selling effort they cannot fully observe (Chung, Kim and Syam, 2020), while fairness and channel-coordination research suggests that dealers judge terms not only by their size but also by how they are determined and communicated (Cui, Raju and Zhang, 2004; Cui and Mallucci, 2016). Despite this, studies that test all four margin components together for dealers in Indian electrical consumer durables are not available in the reviewed literature. Existing work is concentrated in automobile dealerships, FMCG and general distribution, and often takes the manufacturer's rather than the dealer's perspective. This study addresses the sector, perspective and construct gaps with primary data from 200 dealers in Bengaluru and Hassan.

1.1 Objectives

- To examine the existing dealer profit margin factors.
- To analyse the influence of dealer profit margin factors on Dealer Perception, Dealer Motivation and Sales Growth.
- To evaluate dealer perceptions regarding the fairness, adequacy and effectiveness of the current dealer margin factors.
- To determine the key profit margin factors that contribute to dealer motivation and sales growth in the electrical consumer durables sector.

1.2 Hypotheses

The four margin components are expected to influence Dealer Perception and Dealer Motivation, which in turn are expected to relate to Sales Growth. The hypotheses (Table 1) are tested through multiple regression (H1–H8) and Pearson correlation (H9–H10).

Hypothesis	Path	Test
H1	Trade Discount → Dealer Perception	Regression
H2	Volume Based Schemes → Dealer Perception	Regression
H3	Incentives → Dealer Perception	Regression
H4	Credit Period → Dealer Perception	Regression
H5	Trade Discount → Dealer Motivation	Regression
H6	Volume Based Schemes → Dealer Motivation	Regression
H7	Incentives → Dealer Motivation	Regression
H8	Credit Period → Dealer Motivation	Regression
H9	Dealer Perception → Sales Growth	Correlation
H10	Dealer Motivation → Sales Growth	Correlation

Table 1: Hypotheses of the study

2. Literature Review

2.1 Theoretical Foundations

Two theoretical lenses frame the study. Principal-agent theory is a primary foundation of sales-compensation research and explains why variable rewards are used when the principal cannot directly observe every selling action (Chung, Kim and Syam, 2020). Fairness and channel-coordination theory treats perceived fairness as important for profit allocation and coordination between manufacturers and retailers (Cui, Raju and Zhang, 2004), and shows that channel members can apply different fairness ideals (Cui and Mallucci, 2016). For dealers, this implies that margin structures are evaluated for transparency, consistency and fairness as well as for economic value.



2.2 Evidence from India

Indian evidence on dealer economics is spread across industries. Pathan and Kesavaraj (2023), the closest sector match, examine trust, communication, commitment and service quality in dealer–retailer relationships in consumer durables. Bharthvajan (2014) supports the incentive–motivation logic for FMCG, although at salesperson level. In automobile dealerships, Singh, Kakkar and Mishra (2021) show how discounting and inventory pressure can depress dealer profitability, Bhalchandra and Shinde (2024) report a strong association between dealer profitability and satisfaction, and Singh, Mishra and Singh (2021) link a retention-based redesign of incentives to dealership earnings. Nandhini and Rajini (2026) highlight misalignment between channel-partner rewards and margin or product mix, and Samson (2026) shows that dealer-margin outcomes vary by market segment after GST 2.0.

2.3 International Evidence

International studies reinforce the behavioural role of economic terms. Draganska, Klapper and Villas-Boas (2007) explain variation in margin allocation between manufacturers and retailers, while Stocker (2012) decomposes OEM–dealer margins into base, bonus and premium mechanisms. Osuji and Edeme (2023) find links between rewards, recognition and training and sales-force performance, and Jiang et al. (working paper) show that dealer-compensation design can influence market outcomes. Zaefarian et al. (2016) connect supplier perceptions of buyer fairness with supplier sales growth. Collectively these studies warn that incentive programmes with hard-to-reach targets, or that are perceived as unfair, can produce unintended behavioural responses.

2.4 Research Gap

- Sector gap: most margin studies concern automotive, FMCG or general channels rather than Indian electrical consumer durables.
- Perspective gap: several studies use manufacturer-side or secondary information rather than primary dealer responses.
- Construct gap: Trade Discount, VBS, Incentives and Credit Period are rarely tested together.
- Fairness gap: fairness is well developed theoretically but less often measured in dealer surveys alongside transparency, satisfaction, trust and usefulness.

3. Research Methodology

The study adopts a quantitative, cross-sectional design. The unit of analysis is the electrical consumer durables dealer or retailer, and all 200 respondents deal in more than five electrical brands. Responses were collected through an online structured questionnaire in two waves of 100 responses each (14–22 August 2026 and 12–17 September 2026). The instrument has seven sections of five items each (35 items) on a five-point Likert scale from Strongly Disagree (1) to Strongly Agree (5): Trade Discount, VBS, Incentives and Credit Period (independent variables), Dealer Perception and Dealer Motivation (response variables), and Sales Growth (outcome). Each construct score is the mean of its five items. Participation was voluntary and only aggregate results are reported.

3.1 Conceptual Model

The conceptual model positions the four margin components as independent variables influencing two dealer response variables, Dealer Perception and Dealer Motivation, which in turn relate to Sales Growth. The model does not assume that all components have equal strength or direction; this is established empirically from the data.



Variable	Indicators used in the questionnaire	Role
Trade Discount	Attractiveness; profit-margin improvement; competitive advantage; value for money; purchase volume	Independent
Volume Based Schemes	Stock-purchase encouragement; target achievability; business value; attractiveness; repeat purchase intention	Independent
Incentives	Product-push motivation; timely credit; selling effort; fairness; commitment	Independent
Credit Period	Adequacy; lower financial pressure; larger orders; repayment manageability; cash-flow relief	Independent
Dealer Perception	Fairness; transparency; satisfaction; trust; usefulness	Response
Dealer Motivation	Enthusiasm; scheme response; commitment; willingness; extra effort	Response
Sales Growth	Sales improvement; revenue growth; market-share increase; sales-volume increase; growth versus prior period	Outcome

Table 2: Variables and operational indicators

3.2 Sample Profile

Of the 200 dealers, 165 (82.5%) are in the Bengaluru region and 35 (17.5%) in Hassan. Half report monthly business of ₹5–10 Lakh and 38% report more than ₹10 Lakh. Experience ranges from 5 to 25 years (mean 15.2 years), and the largest group (41%) has 16–20 years of experience.

Characteristic	Group	N	%
Monthly business volume	₹1–5 Lakh	24	12.0
	₹5–10 Lakh	100	50.0
	Above ₹10 Lakh	76	38.0
Location	Bengaluru region	165	82.5
	Hassan	35	17.5
Years of experience	Up to 10 years	39	19.5
	11–15 years	57	28.5
	16–20 years	82	41.0
	Above 20 years	22	11.0

Table 3: Sample profile (N = 200)

3.3 Analytical Procedure

Analysis was carried out in Python (pandas, SciPy and statsmodels) at the 5% significance level. Objective 1 was addressed through the literature review. Objective 2 used descriptive statistics, Pearson correlation and three OLS multiple regressions (Dealer Perception, Dealer Motivation and Sales Growth on the four margin components). Objective 3 used mean-score ranking and one-way ANOVA across business-volume and experience groups. Objective 4 used the regression results with relative-importance ranking, calculated as each factor's absolute standardised coefficient as a percentage of the sum of absolute standardised coefficients in that model. Diagnostics included Cronbach's alpha, variance inflation factors, Durbin–Watson and Shapiro–Wilk tests, and heteroscedasticity-robust (HC3) standard errors.



In 56 of 7,000 item responses (0.8%), the export carried a non-standard label: "Column 2" (22 responses) was coded as 2, and a combined label ("Strongly Disagree (1) Disagree (2)", 34 responses) was coded as 1.5. Recoding the combined label as 1 or as 2 did not change which regression coefficients were significant. No responses were missing.

4. Results and Discussion

4.1 Objective 1 — Dealer Profit Margin Factors

The literature identifies four distinct dealer-margin mechanisms that act through different economic and behavioural channels, and which are therefore retained as separate variables. Trade Discount is a purchase-price reduction affecting effective margin and pricing flexibility. VBS are volume- or target-linked benefits affecting purchase volume and inventory exposure; their effectiveness depends on target realism. Incentives are performance-linked rewards affecting selling effort and product push, with timeliness, fairness and clear performance linkage being important. Credit Period is deferred payment that affects cash-flow timing and working-capital support rather than product price.

4.2 Objective 2 — Influence of Margin Factors on Dealer Perception, Motivation and Sales Growth

All seven constructs score above the neutral midpoint of 3 (Table 4). Among the margin components, Incentives has the highest mean (3.405) and VBS the lowest (3.282); Dealer Motivation records the highest mean among response and outcome constructs (3.899). Trade Discount shows the highest share of disagreement (31.9%) alongside the highest share of agreement among the four components (51.6%), indicating that dealers are polarised on discounts. Reliability is acceptable for Dealer Perception and Dealer Motivation ($\alpha \geq 0.70$), modest for VBS and Sales Growth, below 0.60 for Incentives and Credit Period, and very low for Trade Discount ($\alpha = 0.141$), because its first item (attractiveness) correlates negatively with the third and fifth items. Trade Discount results are therefore read together with item-level findings.

Construct	Mean	SD	Agree (4–5) %	Disagree (1–2) %	Cronbach's α
Trade Discount	3.348	0.512	51.6	31.9	0.141
Volume Based Schemes	3.282	0.569	42.6	19.7	0.679
Incentives	3.405	0.534	48.8	16.3	0.562
Credit Period	3.308	0.515	43.9	18.4	0.515
Dealer Perception	3.517	0.577	56.0	10.9	0.744
Dealer Motivation	3.899	0.679	71.4	5.7	0.783
Sales Growth	3.651	0.498	62.7	5.8	0.639

Table 4: Construct-level descriptive statistics and reliability

Item-level results reveal contrasts that construct means conceal (Table 5). Dealers overwhelmingly agree that higher trade discounts raise their purchase volume (mean 4.350; 83.0% agree), yet only 23.5% find the discounts attractive (mean 2.455). Similarly, 68.5% agree that the credit period supports larger stock orders, while 44.0% disagree that it is adequate for their business needs.

Construct	Highest- / lowest-rated statement (abridged)	Mean	Agree %	Remark
Trade Discount	Higher discounts raise my purchase volume (highest)	4.350	83.0	Widest spread
	Discounts are generally attractive (lowest)	2.455	23.5	
VBS	Schemes increase repeat purchase intention (highest)	3.645	67.5	



Construct	Highest- / lowest-rated statement (abridged)	Mean	Agree %	Remark
	Targets are realistic and achievable (lowest)	3.070	31.5	Target design
Incentives	Incentives strengthen commitment to promote (highest)	3.595	58.0	
	Incentives motivate me to push products (lowest)	3.225	43.5	
Credit Period	Credit supports larger stock orders (highest)	3.895	68.5	
	Credit period is adequate for needs (lowest)	2.665	20.5	44.0% disagree
Sales Growth	Clear growth versus previous period (highest)	3.850	77.5	
	Market share has increased (lowest)	3.510	50.0	

Table 5: Highest- and lowest-rated item in each margin and outcome construct

4.2.1 Correlation Analysis

Twenty of the 21 pairwise correlations are positive and significant at the 5% level (19 at 1%); the only exception is VBS and Dealer Motivation ($r = 0.035$, $p = .625$). Among the margin components, Incentives has the strongest correlation with Sales Growth ($r = 0.460$). Dealer Perception ($r = 0.443$) and Dealer Motivation ($r = 0.470$) are also significantly related to Sales Growth. Correlation does not control for the other components, so the regression models provide the main evidence on independent associations.

Variable	TD	VBS	INC	CP	PER	MOT	GROW
TD	1.000	0.169	0.304	0.341	0.375	0.450	0.288
VBS	0.169	1.000	0.533	0.522	0.464	0.035	0.323
INC	0.304	0.533	1.000	0.467	0.441	0.305	0.460
CP	0.341	0.522	0.467	1.000	0.401	0.289	0.333
PER	0.375	0.464	0.441	0.401	1.000	0.307	0.443
MOT	0.450	0.035	0.305	0.289	0.307	1.000	0.470
GROW	0.288	0.323	0.460	0.333	0.443	0.470	1.000

Table 6: Pearson correlation matrix (N = 200)

TD = Trade Discount; VBS = Volume Based Schemes; INC = Incentives; CP = Credit Period; PER = Dealer Perception; MOT = Dealer Motivation; GROW = Sales Growth. All coefficients are significant at 5% except VBS–MOT.

4.2.2 Multiple Regression Analysis

All three regression models are statistically significant (Table 7). The four margin components explain most variance in Dealer Perception ($R^2 = 0.336$), followed by Dealer Motivation (0.279) and Sales Growth (0.249); most variation in each outcome therefore lies outside the model. Variance inflation factors (1.18–1.62) show no serious multicollinearity.

Predictor	Dealer Perception B (β)	Dealer Motivation B (β)	Sales Growth B (β)
Trade Discount	0.275*** (0.244)	0.471*** (0.355)	0.139* (0.143)
Volume Based Schemes	0.288*** (0.285)	−0.300** (−0.252)	0.064 (0.073)



Predictor	Dealer Perception B (β)	Dealer Motivation B (β)	Sales Growth B (β)
Incentives	0.187* (0.173)	0.311** (0.245)	0.314*** (0.337)
Credit Period	0.100 (0.089)	0.244* (0.185)	0.086 (0.089)
R ² / Adjusted R ²	0.336 / 0.322	0.279 / 0.264	0.249 / 0.234
F (4, 195)	24.660***	18.864***	16.178***

Table 7: Multiple regression results (OLS, N = 200)

B = unstandardised coefficient; β = standardised coefficient. * $p < .05$; ** $p < .01$; *** $p < .001$.

Incentives is the only component significant in all three models. Trade Discount is significant for Dealer Perception and Dealer Motivation and weakly for Sales Growth. VBS is a positive predictor of Dealer Perception but not of Sales Growth. Credit Period is significant only for Dealer Motivation. The negative VBS coefficient for Dealer Motivation, despite a near-zero simple correlation ($r = 0.035$), reflects a suppression effect: VBS overlaps with Incentives ($r = 0.533$) and Credit Period ($r = 0.522$), which are positively related to motivation.

The Durbin–Watson statistics (1.00–1.16) indicate positive serial correlation in response order, which reflects the two collection waves stored sequentially in the data file. Residuals depart from normality (Shapiro–Wilk $p \leq .003$), so the models were re-estimated with HC3 robust standard errors. Conclusions for Dealer Perception are unchanged; Credit Period becomes non-significant for Dealer Motivation ($p = .063$) and Trade Discount becomes non-significant for Sales Growth ($p = .073$). Incentives remains significant in all three models ($p \leq .036$).

4.3 Objective 3 — Dealer Perceptions of Fairness, Adequacy and Effectiveness

Dealers rate the usefulness of margin structures highest (3.845) and fairness lowest (3.195), with 23.5% disagreeing that the structure is fair (Table 8). All five statements are above the neutral midpoint, so dealers view the current structure as useful but are less convinced that it is fair. On adequacy, the credit period (2.665) and the attractiveness of trade discounts (2.455) are the two lowest-rated margin-factor statements. Incentive schemes are rated slightly fairer (3.290) than the overall structure.

Rank	Dimension	Mean	SD	Agree %	Disagree %
1	Usefulness	3.845	0.833	74.0	6.5
2	Trust	3.570	0.780	61.0	8.0
3	Transparency	3.525	0.743	51.5	5.5
4	Satisfaction	3.450	0.819	50.5	11.0
5	Fairness	3.195	0.917	43.0	23.5

Table 8: Dealer perception — mean-score ranking of dimensions

One-way ANOVA shows no significant difference in Dealer Perception across monthly business-volume groups ($F(2, 197) = 1.598$, $p = .205$, $\eta^2 = 0.016$) or experience groups ($F(3, 196) = 0.361$, $p = .782$, $\eta^2 = 0.005$) (Table 9). Levene's tests support equal variances ($p > .50$), and Kruskal–Wallis tests agree ($p = .141$ and $.910$). Dealers with ₹1–5 Lakh monthly business record the lowest mean (3.325), but with only 24 dealers the difference cannot be distinguished from chance.

Grouping variable	F (df)	p	η^2	Levene p	Kruskal–Wallis p
Monthly business volume	1.598 (2, 197)	0.205	0.016	0.759	0.141
Years of experience	0.361 (3, 196)	0.782	0.005	0.534	0.910

Table 9: One-way ANOVA summary — Dealer Perception



4.4 Objective 4 — Key Margin Factors for Dealer Motivation and Sales Growth

For Dealer Motivation, Trade Discount has the greatest relative importance (34.3%), followed by VBS (24.3%, negative sign), Incentives (23.6%) and Credit Period (17.8%) (Table 10). For Sales Growth, Incentives is clearly the most important factor (52.5%), followed by Trade Discount (22.3%); Credit Period (13.8%) and VBS (11.4%) are not significant once other components are controlled. Relative importance compares standardised coefficient magnitudes; it is not a causal contribution or a percentage of actual sales.

Outcome	Factor	Std β	Relative importance %	Significant at 5%
Dealer Motivation	Trade Discount	0.355	34.28	Yes
	Volume Based Schemes	-0.252	24.29	Yes (negative)
	Incentives	0.245	23.62	Yes
	Credit Period	0.185	17.81	Yes
Sales Growth	Incentives	0.337	52.53	Yes
	Trade Discount	0.143	22.27	Yes
	Credit Period	0.089	13.82	No
	Volume Based Schemes	0.073	11.37	No

Table 10: Relative importance of margin factors

4.5 Robustness Check: Data-Collection Waves

Pooling the two waves assumes a common population. Wave 1 (100 dealers, 65 in Bengaluru and 35 in Hassan) and Wave 2 (100 dealers, all in Bengaluru) do not differ significantly on Trade Discount ($p = .098$), Credit Period ($p = .511$), Dealer Perception ($p = .864$) or Sales Growth ($p = .553$). They differ on VBS (3.53 vs 3.03), Incentives (3.58 vs 3.23) and Dealer Motivation (3.60 vs 4.19), all $p < .001$: Wave 2 dealers rate schemes and incentives lower but report higher motivation, which is why the pooled VBS–Motivation correlation is near zero. Because all Hassan dealers fall in Wave 1, location and wave cannot be separated. In addition, 57 questionnaires in Wave 2 repeat in full the answer pattern of an earlier questionnaire (143 distinct patterns among 200 responses); they come from different outlets and were retained, with results also reported without them.

Outcome	Predictor	Full sample (N = 200)	With wave control	Excluding repeated patterns (N = 143)
Dealer Perception	Trade Discount	0.275 (<.001)	0.230 (.001)	0.227 (.008)
	VBS	0.288 (<.001)	0.388 (<.001)	0.259 (.007)
	Incentives	0.187 (.018)	0.248 (.002)	0.295 (.004)
	Credit Period	0.100 (.227)	0.039 (.634)	0.155 (.107)
Dealer Motivation	Trade Discount	0.471 (<.001)	0.337 (<.001)	0.508 (<.001)
	VBS	-0.300 (.001)	-0.004 (.960)	-0.321 (.007)
	Incentives	0.311 (.001)	0.492 (<.001)	0.315 (.014)
	Credit Period	0.244 (.016)	0.064 (.469)	0.253 (.036)
Sales Growth	Trade Discount	0.139 (.035)	0.115 (.085)	0.138 (.080)
	VBS	0.064 (.357)	0.117 (.122)	0.146 (.101)



Outcome	Predictor	Full sample (N = 200)	With wave control	Excluding repeated patterns (N = 143)
	Incentives	0.314 (<.001)	0.347 (<.001)	0.357 (<.001)
	Credit Period	0.086 (.256)	0.054 (.486)	0.147 (.104)

Table 11: Regression coefficients under alternative specifications, B (p)

Incentives is positive and significant for all three outcomes under all three specifications, making it the most stable finding. Trade Discount is stable for Dealer Perception and Dealer Motivation, and VBS is stable for Dealer Perception. The negative VBS coefficient for Dealer Motivation becomes non-significant once wave is controlled ($B = -0.004$, $p = .960$) and should not be read as evidence that volume schemes reduce motivation. The Credit Period–Motivation coefficient also becomes non-significant ($p = .469$), and the Trade Discount–Sales Growth coefficient is weak under both alternatives.

4.6 Hypothesis Testing

Hypothesis	Path	Coefficient	p	Decision
H1	TD → PER	$B = 0.275$	<.001	Supported
H2	VBS → PER	$B = 0.288$	<.001	Supported
H3	INC → PER	$B = 0.187$	.018	Supported
H4	CP → PER	$B = 0.100$	.227	Not supported
H5	TD → MOT	$B = 0.471$	<.001	Supported
H6	VBS → MOT	$B = -0.300$	.001	Not supported (significant, negative)
H7	INC → MOT	$B = 0.311$	.001	Supported
H8	CP → MOT	$B = 0.244$	.016	Supported
H9	PER → GROW	$r = 0.443$	<.001	Supported
H10	MOT → GROW	$r = 0.470$	<.001	Supported

Table 12: Hypothesis testing summary

H6 is significant but opposite to the hypothesised direction, and it disappears when wave is controlled. H8 loses significance under robust standard errors ($p = .063$) and with the wave control. As the study is cross-sectional, a supported hypothesis indicates association, not causation.

4.7 Discussion

Taken together, the results indicate that dealer margin is a multidimensional channel-management construct whose components relate differently to perception, motivation and sales growth. Incentives show the most consistent link to all three outcomes, which is in line with the principal-agent logic that performance-linked rewards influence selling effort (Chung, Kim and Syam, 2020) and with sales-force evidence linking incentive schemes to performance (Osuji and Edeme, 2023). Trade Discount appears to support dealer perception and engagement more than reported sales growth: dealers say discounts raise their purchase volume but do not find them attractive, suggesting that discounts act as a purchasing lever rather than a selling-effort lever.

The low rating for fairness (3.19) alongside high usefulness (3.85) is consistent with fairness research that distinguishes the economic value of terms from how they are determined and communicated (Cui, Raju and Zhang, 2004; Cui and Mallucci, 2016). The weak rating for achievability of VBS targets (3.07) echoes the concern that hard-to-reach targets can create inventory pressure (Singh, Kakkar and Mishra, 2021). The absence of perception differences by business



volume or experience suggests that views on margin structures are broadly shared across dealer segments in this sample, although the small ₹1–5 Lakh group limits the power of that test.

5. Practical Implications

5.1 For Manufacturers

- Evaluate the total margin package rather than a single discount percentage, because the four components relate differently to perception, motivation and sales growth.
- Prioritise incentive design: keep eligibility, calculation and payment rules transparent and payments timely, since Incentives is the only component related to all three outcomes under every robustness check.
- Review volume-scheme targets for achievability, as target realism has the lowest rating among VBS statements (3.07).
- Use trade discounts to support dealer perception and motivation, and address their attractiveness, which dealers rate lowest (2.46); their association with reported sales growth is weak.
- Treat credit period as working-capital support and review its adequacy (2.67), and communicate fairness and transparency clearly, as fairness is the lowest-rated aspect of perception.

5.2 For Dealers

- Assess the value of a manufacturer's total margin portfolio, including incentive timeliness and credit terms, rather than focusing on a single headline discount.
- Interpret volume-scheme targets against inventory and cash-flow capacity before committing to larger stock purchases.

5.3 For Researchers and Industry Bodies

- Use dealer segmentation cautiously, since perception does not differ significantly by business volume or experience in this sample.
- Link survey responses to actual sales and payout records in future studies, to move from perception towards verified performance.

6. Conclusion

6.1 Summary and Contributions

This study provides dealer-side evidence from Indian electrical consumer durables on four margin components tested simultaneously. Incentives has the clearest and most consistent association with Dealer Perception, Dealer Motivation and Sales Growth. Trade Discount is consistently associated with Dealer Perception and Dealer Motivation and weakly with Sales Growth. VBS is associated with Dealer Perception, while its negative coefficient for Dealer Motivation and the Credit Period–Motivation result are not robust to the data-collection wave and estimation method. Dealers regard margin structures as useful but rate their fairness lowest. The study contributes empirically (a simultaneous test of four components with primary dealer data), conceptually (distinguishing stable from sensitive effects across outcomes) and practically (identifying incentive design, target achievability and fairness communication as priorities). Margin management is best treated as a portfolio of mechanisms whose value depends on the outcome being considered.

6.2 Limitations

- The cross-sectional design limits causal interpretation, and Sales Growth is self-reported rather than verified against sales records.
- The sample of 200 dealers from Bengaluru and Hassan limits generalisation, and ANOVA groups are unequal.



- Scale reliability is low for Trade Discount ($\alpha = 0.14$), Incentives (0.56) and Credit Period (0.52), and modest for VBS (0.68) and Sales Growth (0.64).
- The two collection waves differ significantly on VBS, Incentives and Dealer Motivation, and location and wave are confounded because all Hassan dealers are in Wave 1.
- 57 Wave 2 questionnaires repeat an earlier answer pattern; they were retained and checked in a sensitivity analysis.
- Manufacturer and distributor perspectives are excluded, and product demand, competition, inventory turnover and scheme costs are not modelled.

6.3 Directions for Future Research

- Replicate the study with larger, multi-state samples and refine the Trade Discount, VBS and Incentives items to improve reliability.
- Add manufacturers and distributors as respondents and link survey responses to actual sales and payout records.
- Use longitudinal before-and-after scheme studies, and test mediation through perception and motivation and moderation by dealer size, product category and brand portfolio.
- Use qualitative interviews to explain why VBS results differ across groups of dealers.

Dealer margin is not a single lever. Within this sample, well-designed incentives were most consistently associated with dealer motivation and reported sales growth, and the expected return on any margin component should be assessed in context rather than assumed.

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