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***Managing Post-Festival Residual Inventory: A Sequential
Gate Model of Exit Decision-Making among Small
Independent Retailers in China***

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Abstract

Post-festival residual inventory is a recurring challenge for small independent retailers, especially when products are tied to specific festivals, gifting occasions or seasonal selling windows. Existing research has examined markdown pricing, product deletion, and reverse logistics primarily in large retail chains or formal supply-chain systems, while paying less attention to how small independent retailers make inventory exit decisions under everyday constraints.

Based on 15 semi-structured interviews with small independent retailers in China, this thesis explores how retailers evaluate exit pathways for unsold post-festival goods and the criteria that shape their decisions. Drawing on bounded rationality and an adapted multi-criteria disposition framework, the study uses abductive thematic analysis to examine decisions such as markdown, storage, supplier return or exchange, donation, transformation and disposal.

The findings show that retailers do not evaluate all pathways as equal alternatives. Instead, they narrow the feasible set through two sequential gates: product condition and storability, followed by future sales potential. Financial recovery then operates mainly as a break-even threshold, while supplier relationships and community or waste-related values shape which downstream pathways remain acceptable. The thesis also identifies occasion-value decay and front-end ordering as important mechanisms in managing post-festival inventory risk.

This study contributes to the literature on small retailer decision-making and inventory disposition by developing a sequential gate model for post-festival residual inventory management.

Keywords: post-festival residual inventory; small independent retailers; inventory exit; bounded rationality; disposition decision-making; occasion-value decay

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1. Introduction

1.1 Background

The management of residual stock represents a recurring and financially significant challenge within the global retail industry. Macroeconomic analyses indicate that retailers in the United States alone can accumulate upwards of \$740 billion in unsold goods annually (McKinsey & Company, 2023). While large, chain-based retailers have increasingly developed sophisticated systems, markdown algorithms, automated inventory management and coordinated reverse logistics to handle excess inventory, a large and analytically underexamined segment of the retail sector operates without these tools. Small independent retailers, whether in China, across Asia or in other markets, routinely face the challenge of excess or residual inventory without the data infrastructure or operational capacity that large-chain solutions assume.

This operational challenge is especially visible in the context of festival-bound retail. Festivals, such as Christmas or Chinese New Year, create highly specific, time-compressed surges in consumer demand (Ehrenthal, Honhon and Van Woensel, 2014). To capture this demand, retailers stock, display, and promote goods that are often tied closely to the social and cultural meanings of the occasion, such as mooncakes for the Mid-Autumn Festival, zodiac decorations for the Spring Festival, flowers and gift boxes for romantic gifting occasions.

The immediate aftermath of a festival presents a distinct operational reality: the sudden contraction of consumer demand for these specific goods. Media observations have also reported sharp post-festival discounting in the Chinese mooncake market, where products that commanded premium prices in the weeks before Mid-Autumn Festival have been observed selling for a fraction of that value within days of the occasion ending (China Observer, 2023). In many festival-goods cases, this decline is not experienced by retailers as a gradual reduction in demand, but as a sharp contraction linked to the social calendar. The retailer who over-ordered, or who simply experienced slower-than-expected festival sales, is left holding goods that the market no longer values as it did.

Crucially, the presence of post-festival residual stock is not inherently a failure of retail planning, nor does it imply that the products automatically become obsolete or degenerate into waste. Rather, it is an expected byproduct of retail operations conducted under conditions of extreme demand uncertainty and time pressure. Retailers stock ahead of the festival without certain knowledge of what will sell. The question is not whether residual stock will arise. For most festival retailers, some residual stock is likely. The more important question is what decisions they make when it does.

In the empirical context of this study, retailers described navigating a dense calendar of festival, gifting and seasonal selling periods, including Spring Festival, Mid-Autumn Festival, Qixi Festival, the 5.20 romantic gifting occasion, Teachers' Day and school-term transitions. Each period generated its own wave of consumer demand, followed by a more or less discrete contraction once the occasion had passed. The goods associated with these occasions span a wide range: mooncakes and blessing decorations for Mid-Autumn Festival; red envelopes, zodiac figurines and traditional foods for Spring Festival; flowers, gift boxes and confectionery for romantic occasions; stationery and academic materials for term-start periods. In many Chinese neighbourhoods, wet markets, university districts and small commercial streets, small independent retailers remain a visible and commercially active part of everyday retail life, operating in areas where chain retail presence is limited and where personal relationships between shopkeeper and customer remain consequential. This context is particularly well-suited to studying the post-festival inventory problem because the transition from peak demand to residual stock is socially visible: communities share a common and sharply defined awareness of when the festival has ended, making the moment of value collapse acute and immediately legible to all parties.

1.2 Problem Formulation

While the existence of post-festival residual stock is a well-documented commercial reality, this stock does not automatically disappear once the festival concludes. Instead, small independent retailers face a pressing challenge: they must actively evaluate what remains and decide its fate.

Unlike large chains that rely on automated markdown algorithms and corporate reverse logistics networks (Smith and Achabal, 1998; Blackburn et al., 2004), small independent retailers lack formalised systems. They make practical, situated decisions under real-world constraints (Benoit, Kienzler and Kowalkowski, 2020): limited storage space, restricted cash flow, direct supplier relationships that may or may not allow returns, and the social and reputational stakes that come with operating as a visible, community-embedded business. These constraints do not simply complicate the decision; they fundamentally reshape what options are available and what criteria are applied.

Crucially, these pathways involve complex trade-offs. A retailer must weigh immediate cash recovery against potential reputational damage from steep public discounts (Nguyen et al., 2023), balance the urgent need for physical shelf space against the logistical costs of storage or disposal, and navigate the social meanings that different clearance approaches communicate to their community. These choices are not made in a vacuum; they reflect a retailer's understanding of their specific product, their customers, their supplier, and the community in which they operate. The research problem is therefore not simply operational. It is about how small retailers reason and decide under complexity and constraint. Unlike large retail chains, their disposition decisions are operational rather than strategic: made on the shop floor, without planning teams, procurement systems or centralised inventory management.

1.3 Research Relevance

Understanding how small independent retailers choose inventory exit pathways holds both practical and academic significance.

Practically, unsold festival inventory immobilises working capital and occupies highly constrained physical storage space. Because small retailers lack the extensive resources of large chains, their post-festival decisions directly impact cash recovery, supplier relationships, product condition management and community trust. A poor decision, holding goods too long, discounting too aggressively, or donating at the wrong moment, can carry costs that extend well beyond the immediate stock disposition. Conversely, a well-managed exit can recover costs, preserve relationships, and even enhance the retailer's standing in their commercial community.

Academically, while existing literature offers solid foundations on retail inventory management, covering markdowns, reverse logistics, and small retailer decision-making (Lazear, 1986; Blackburn et al., 2004; Benoit, Kienzler and Kowalkowski, 2020), much of this research assumes data-rich, centralised, chain-retail contexts. The specific decision-making of small independent retailers facing post-festival residual stock remains underexamined. This creates a gap at the intersection of multiple bodies of literature, a gap that this study is designed to address.

1.4 Research Aim and Research Questions

Existing literature on clearance pricing, product deletion, and reverse logistics primarily focuses on large chain-retail organisations or formal logistics systems equipped with analytical capabilities. Conversely, research on small independent retailers points to their resource constraints, relational embeddedness and bounded rationality, but does not address inventory exit decisions specifically. The literature reviewed for this thesis suggests that this specific intersection remains underexamined: how small independent retailers evaluate and choose among exit pathways once festival occasions have ended.

To address this gap, the thesis separates the descriptive and analytical tasks by focusing on both the decision object (the available pathways) and the decision logic (the criteria and constraints that govern choice). The study is guided by two core research questions:

RQ1: How do small independent retailers evaluate alternative exit pathways for post-festival residual inventory?

RQ2: What criteria do small independent retailers prioritise when choosing among these exit pathways, and how do these criteria interact under situational constraints?

1.5 Definitions and Delimitations

In this thesis, festival-bound residual stock refers to unsold products that were stocked, displayed or promoted primarily in relation to a specific festival or seasonal selling period, and that require re-evaluation once that selling window has passed. The term is used as a working definition because it captures both a temporal dimension and a commercial dimension. Temporally, goods become residual at a specific moment. Commercially, they require an active exit decision rather than simple continued sale.

The term “festival-bound” is used broadly in this thesis to include festival, gifting and seasonal selling windows in which demand is socially or institutionally time-bound. This is why occasions such as Teachers’ Day, 5.20 and school-term transitions are included alongside more conventional festivals such as Spring Festival and Mid-Autumn Festival.

To ensure the study remains focused, feasible and methodologically rigorous, several boundaries have been established. This study explicitly focuses on: festival-bound residual stock, meaning the empirical focus is strictly on unsold products associated with a specific festival period; small independent retailers, meaning owner-managed or small-scale retail operations making informal, situated decisions under resource constraints; and post-festival inventory exit decisions, meaning the evaluation and selection of pathways such as clearance pricing, return-to-vendor, donation, storage or disposal.

It is equally important to specify what this study does not examine. The study excludes large retail chains and department stores with formalised markdown algorithms and multi-location inventory coordination; the decision processes of such organisations are structurally different from those of small independent retailers. E-commerce clearance, including platform-mediated flash sales and algorithmic markdown, falls outside the scope of the study, as the mediated and algorithmically supported nature of online clearance is distinct from the face-to-face, judgement-driven decisions observed in physical small retail. Supply-chain-level disposition decisions made by manufacturers, distributors and wholesalers are not examined; the study focuses specifically on the retailer as the terminal decision-maker. Consumer perceptions of clearance methods,

addressed separately by Nguyen et al. (2023), are not the subject of this inquiry. Finally, optimal pricing models and normative clearance frameworks are not the goal; the aim is to understand the decisions that are actually made, not to prescribe decisions that would be made under ideal conditions.

The remainder of the thesis is organised as follows. Chapter 2 develops the theoretical framework by reviewing four bodies of literature and identifying the research gap at their intersection; it closes by constructing an integrated multi-criteria disposition framework that is the analytical starting point for the empirical work. Chapter 3 describes the qualitative methodology, detailing the purposive sampling strategy, the conduct and analysis of fifteen semi-structured interviews, and the eight-stage analytical process — from Mandarin transcription and open coding in Chinese to cross-case synthesis and theoretical refinement — that governed movement between the empirical material and the developing framework. Chapter 4 presents the empirical findings, introducing the sequential gate model, the distinction between downstream exit logics and upstream prevention, and the concept of occasion-value decay. Chapter 5 returns to the research questions and prior literature, discussing what the findings confirm, extend and challenge, and elaborating three theoretical contributions. Chapter 6 concludes the thesis, summarises the principal findings, acknowledges limitations, and identifies directions for future research.

2. Theoretical Background

This chapter positions post-festival residual inventory as a retail decision problem. The purpose is not to build a technical model of optimal markdowns, but to clarify why residual stock becomes a situated managerial issue for small independent retailers. Section 2.1 reviews the literature across four streams: clearance and end-of-season inventory, product deletion and value recovery, small independent retailers as decision-makers, and seasonal and festival-adjacent retail contexts. Section 2.2 synthesises the limitations of these streams into an explicit research gap. Section 2.3 develops the theoretical framework guiding the empirical analysis.

2.1 Literature Review

2.1.1 Inventory exit as a retail decision problem

Research on clearance pricing established early on that unsold inventory is not merely a residual consequence of retailing, but a decision problem under uncertainty. Lazear (1986, pp. 14–15) begins from a practical question: a retailer sets an initial price without full knowledge of the market and may need to change that price if the product does not sell. The important point for this thesis is that waiting can still have value, but it also creates a risk: as time passes, the retailer has to decide whether keeping the stock is still worthwhile.

Pashigian and Bowen (1991, pp. 1016–1018) develop this logic by linking markdowns to uncertainty, fashion and product variety. They show that markdowns are not random price cuts, but can be a response to uncertain consumer preferences and short seasons. This is relevant for post-festival stock because festival-bound products share the same temporal problem: their demand is not simply low or high, but strongly connected to a short selling window. Once that window closes, customer interest may fall quickly.

Later operations research studies formalise clearance as a coordinated pricing and inventory-management problem. Smith and Achabal (1998, p. 285) argue that clearance pricing is difficult because sales rates depend on price, seasonal effects and remaining assortment, while mistakes can lead to either a loss of potential revenue or excess

inventory. In a similar way, Bitran, Caldentey and Mondschein (1998, p. 609) model markdown decisions for seasonal, perishable items in retail chains, where pricing needs to react to different purchasing patterns across stores. These studies make residual stock strategically important rather than merely operationally inconvenient.

However, this literature also marks a boundary for the present thesis. The classic markdown studies normally assume chain-retail conditions: multiple stores, repeated sales data, coordinated prices and the analytical ability to calculate or approximate optimal policies. Smith and Agrawal (2017) broaden the markdown decision by combining pricing, inventory allocation and store consolidation, but the context remains a retail chain with multi-location inventory options. This leaves open the question of how small independent retailers decide when they lack comparable data, staff and system support.

A further organisational complication is introduced by Şen and Talebian (2017, pp. 1–2), who examine markdown budgets for retail buyers. Their work shows that controls designed to prevent excessive discounting can also reduce a buyer's ability to respond to weak demand and clear distressed inventory. For this thesis, the key lesson is that inventory-exit decisions are not shaped by demand alone. They are also shaped by internal constraints, such as cash-flow pressure, storage limits, supplier agreements and owner-manager preferences.

Taken together, the markdown literature provides a strong foundation for seeing residual stock as a decision problem under time pressure and uncertainty. At the same time, its main question is usually what price, allocation or consolidation policy would be optimal. The present thesis asks a different but connected question: how do situated small retailers interpret and justify the choice among exit pathways? The literature is therefore used as a point of contrast rather than as a model to be tested directly.

2.1.2 From markdowns to product deletion, reverse logistics and value recovery

Markdown is only one possible response to residual stock. Product deletion literature widens the problem by asking when a product should be removed from a firm's portfolio and what criteria should guide that removal. Muir and Reynolds (2011) are useful here

because they treat deletion as more than a financial decision. In practice, a product may be kept, repositioned, transferred or removed for strategic and organisational reasons. For a post-festival item, this means that the issue may not simply be whether the price is too high, but whether the item still has a meaningful role in the store after the festival.

Pourhejazy, Sarkis and Zhu (2020, pp. 1–2) strengthen this point by framing product deletion as an operational and strategic decision involving multiple criteria. They criticise overly short-term financial thinking and incorporate supply-chain, competitive and sustainability concerns into deletion decisions. This is valuable for the present thesis because it shifts attention from immediate revenue recovery to the wider sequence of considerations that may make an exit decision complex: whether the product still fits the store, whether it occupies scarce resources, and whether keeping it affects future selling strategy.

Pourhejazy, Sarkis and Zhu (2020) are particularly relevant because they show that disposition and product deletion criteria may have sequential effects rather than operating only as independent considerations. However, their study examines formal product deletion decision-making in an organisational context, while the present thesis focuses on informal post-festival exit decisions made by small independent retailers.

Reverse logistics and value recovery literature further expands the set of possible pathways. Blackburn et al. (2004, pp. 6–7) argue that returned products may be reused, refurbished, salvaged or recycled, but that value often erodes when action is delayed. Their idea of making disposition as early as possible is developed for commercial returns, yet the logic travels well to post-festival residual inventory. A festival product's residual value is not fixed; it depends on time, condition, available channels and the cost of further handling.

Hazen, Hall and Hanna (2012, p. 264) provide a more explicit disposition framework. They show that decision-makers should consider alternatives such as reuse, product upgrade, material recovery and waste management, while also scanning customer behaviour, market conditions, environmental impact, regulation, supply-chain capabilities, profit and cost. Gunasekara, Robb and Zhang (2023, pp. 1–2) similarly review acquisition,

sorting and disposition decisions in circular supply chains, where products are routed to different value-recovery options. These studies help this thesis see inventory exit as a choice set rather than as markdown alone.

At the same time, these frameworks do not fully explain how small shop owners make such routing decisions when the process is informal, improvised or relational. Large reverse-logistics systems often assume formal sorting, data and secondary-market infrastructure. Small independent retailers may instead rely on memory, supplier conversations, customer relationships or local opportunities. Therefore, the usefulness of this literature lies in naming possible pathways, while its limitation lies in the assumed organisational setting.

Marketing research also shows that exit pathways carry symbolic consequences. Nguyen et al. (2023, p. 1305) find that destructive overstock reduction methods can damage consumer brand evaluations, whereas recycling, donating and discounting through alternative channels can be perceived more favourably. This is especially relevant for small independent retailers because their customer relationships are often local and visible. A decision to discard, donate or heavily discount stock may be judged not only by its financial result, but also by what it communicates about wastefulness, care, scarcity and the retailer's identity.

2.1.3 Small independent retailers as situated decision-makers

The literature on small independent retailers is important because it changes the assumed decision-maker. Rather than a retail chain supported by analytics teams and integrated systems, the actor in this thesis is likely to be an owner-manager or a small team making decisions with limited slack resources. Benoit, Kienzler and Kowalkowski (2020, pp. 70–71) show that independent store managers often have limited resources for the formalised, data-driven pricing processes prescribed in pricing literature; instead, they rely on intuitive pricing practices and managerial beliefs. This supports the argument that small-retailer inventory exit should be studied as practical judgement rather than as formal optimisation.

Eymas and Bensebaa (2021) further indicate that small independent retailers do not have a single competitive model, but rather there are multiple types of strategies. This matters for the present thesis because exit decisions may vary by strategic orientation. A retailer who relies strongly on customer relationships or value-based differentiation may interpret donation, discounting or visible disposal differently from a retailer whose immediate priority is cash recovery.

Praharsi et al. (2014, pp. 114–116) contribute by showing that small independent retailer performance is shaped by factors including supplier relationships and customer loyalty. This is important because residual inventory is not always a purely internal store problem. The possibility of returning items, negotiating credit, bundling stock for loyal customers or avoiding reputational damage may depend on relationships. These relational factors are often absent from technical markdown models, but they are likely to be central in interview accounts from small independent retailers.

The literature therefore suggests that small-retailer inventory exit is likely to be a multi-criteria judgement involving cash recovery, product condition and storability, future selling possibilities, supplier flexibility, customer expectations, store identity and perceived waste. The key gap is that these criteria have not been examined together in the specific context of post-festival residual inventory.

2.1.4 Seasonal, holiday and festival-adjacent contexts

Seasonal and holiday demand makes the inventory-exit problem sharper because the transition from “in season” to “residual” is compressed. Ehrenthal, Honhon and Van Woensel (2014, pp. 527–529) investigate demand seasonality in retail inventory management and show why seasonal patterns matter for replenishment decisions. This helps justify the festival context: if demand seasonality matters for replenishment, it also matters for what happens when the season or event ends.

Darbanian et al. (2025, pp. 1–2) study pre- and post-holiday promotions in grocery retail and show that promotional timing affects fresh and frozen product sales differently during holiday periods. Although their dataset comes from a large Austrian retail chain, the relevance for this thesis lies in the temporal structure of the problem. Holiday-related

demand does not simply rise and fall; it interacts with product characteristics such as perishability, storability and timing. A small independent retailer may therefore evaluate post-festival stock differently depending on whether the item can be stored, re-contextualised, repurposed or sold later.

Post-festival residual inventory is analytically valuable because it makes the exit decision visible. In ordinary retailing, slow-moving stock may become a problem gradually. In a festival context, the retailer often knows that demand has crossed a threshold: the item is no longer timely in the same way. This visibility makes the context suitable for qualitative interviews, because participants can recall concrete decisions, constraints and trade-offs rather than speaking only about general inventory routines.

2.2 Research Gap

Each of the four bodies of literature reviewed in the preceding sections makes a substantial contribution to understanding some aspect of the problem this study addresses, but each also carries a specific limitation that prevents it from addressing the problem in full. The clearance and markdown literature, centred on Lazear (1986), Pashigian and Bowen (1991), Bitran et al. (1998) and Smith and Achabal (1998), provides powerful analytical tools for modelling price trajectories and demand dynamics under seasonal constraints. Yet this literature was developed primarily in chain-retail contexts and assumes data availability, historical demand curves, elasticity estimates, multi-period sales records, and analytical capacity that small independent retailers typically do not possess. The product deletion and reverse logistics literature, including Hazen et al. (2012) and Pourhejazy et al. (2020), broadens the conceptual frame beyond price alone, but the empirical contexts in which this work was developed are predominantly large manufacturing firms and organised logistics systems where formal processes and dedicated personnel are available. The small-retailer literature, drawing on Praharsi et al. (2014), Benoit et al. (2020) and Morales Burgos et al. (2020), establishes the right actor and documents the bounded rationality conditions under which that actor operates, but it does not specifically address inventory exit as a decision domain. Finally, the seasonal and festival retail literature, including Ehrenthal et al. (2014) and Blackburn et al. (2004),

establishes the right context but examines these dynamics from the perspective of system-level inventory optimisation rather than individual small-retailer navigation of the post-festival moment. These four gaps converge around a specific underexamined intersection: how small independent retailers choose among inventory exit pathways once a festival occasion has ended, using the limited information and analytical resources available to them within socially embedded retail communities. Existing research on clearance pricing, reverse logistics, seasonal demand and small-retailer decision-making each explains part of the problem, but these streams rarely address the same empirical situation together.

In short, these gaps are not independent. They arise because operations research, small-business management, retail demand forecasting and marketing science tend to approach residual inventory from different analytical angles. The result is a fragmented literature base: system-level studies explain markdowns, logistics and demand patterns, while small-retailer studies explain resource constraints and relational embeddedness. What remains less developed is an account of how small independent retailers themselves evaluate and sequence exit decisions after a festival selling occasion has ended. This thesis therefore addresses two connected research questions. First, it asks how small independent retailers evaluate alternative exit pathways for post-festival residual inventory. Second, it examines what criteria retailers prioritise when choosing among these pathways, and how these criteria interact under situational constraints. Answering both questions requires drawing simultaneously on the decision-content insights of the clearance and disposition literature, the actor-level insights of the small-retailer literature, and the contextual framing of the seasonal and festival-adjacent literature, a combination that none of the streams provides on its own.

2.3 Theory

This thesis uses an integrated theoretical framework built around two connected analytical questions. The first question concerns the process of decision-making: how small independent retailers arrive at inventory-exit decisions when they face limited information, limited time, uncertain demand and practical constraints. This is addressed through bounded rationality and satisficing. The second question concerns the content of decision-making: what retailers evaluate when choosing among exit pathways such as discounting, storage, supplier return, donation or disposal. This is addressed through an adapted multi-criteria disposition framework.

The two perspectives are therefore complementary rather than separate. Bounded rationality explains why small retailers may not compare all possible pathways in a formal or fully optimised way. The multi-criteria framework identifies the types of considerations that may become relevant in their accounts, including financial recovery, product condition and storability, future sales potential, supplier and relational conditions, and reputation or waste-related values. Together, the framework allows us to examine not only what retailers do with residual stock, but also how they explain those choices as reasonable within their specific situations.

2.3.1 Bounded rationality and satisficing

The first theoretical pillar of this thesis is bounded rationality. Simon (1955, pp. 99–100) challenges the classical model of the fully rational “economic man”, who is assumed to have extensive information, stable preferences and sufficient computational ability to identify the optimal choice. Instead, Simon argues that rational behaviour should be understood in relation to the information and computational capacities that real decision-makers actually possess. This perspective is relevant for the present study because small independent retailers rarely have access to formal forecasting systems, markdown algorithms or structured reverse-logistics procedures. Their post-festival inventory decisions are therefore unlikely to be fully optimised decisions. They are more likely to be practical and workable decisions made under constraint.

Although Simon's original formulation is from 1955, bounded rationality remains relevant in contemporary small-business research. Morales Burgos, Kittler and Walsh (2020, pp. 293–294) use bounded rationality to examine capital budgeting decisions in small businesses and show that owner-managers' decisions are shaped by limited resources, incomplete information and contextual conditions. Similarly, Benoit, Kienzler and Kowalkowski (2020, pp. 70–71) show that independent store managers often have limited resources for formal, data-driven pricing processes and rely heavily on intuition and experience-based judgement. These studies support the use of bounded rationality in the present small-retailer context.

In this thesis, bounded rationality is used as a sensitising concept rather than as a predictive model. It helps direct attention to how retailers make decisions when they face limited time, uncertain demand, product deterioration, storability constraints, supplier rules and customer expectations. The concept is therefore compatible with the interpretivist and abductive approach of the study: it does not impose a fixed decision model on the data, but helps interpret how retailers themselves explain what counted as a reasonable decision in their specific situation.

The related idea of satisficing is especially useful. Rather than comparing every possible exit pathway and calculating the best outcome, retailers may stop searching once they find an option that is good enough under the circumstances (Simon, 1955, pp. 110–111). For example, a retailer may discount remaining stock to recover some cash, store products that can be sold again next year, donate low-value goods to avoid waste, or dispose of products that threaten quality or store image. These choices may not maximise profit in a narrow sense, but they can still be rational within the retailer's actual situation.

In relation to the research questions, bounded rationality mainly supports our analysis of the decision process. It helps examine whether retailers compare exit pathways systematically, rely on experience-based rules, respond to immediate triggers, or stop searching once they find a workable solution. This is particularly relevant for interpreting interview accounts where retailers describe decisions such as “half-price to break even”, “store it for next year”, or “dispose of it once it affects store image.”

2.3.2 An adapted multi-criteria disposition framework

While bounded rationality explains how retailers may decide, it does not specify what they are evaluating. For this reason, the second theoretical pillar is an adapted multi-criteria disposition framework. Hazen, Hall and Hanna (2012, pp. 244–245) define reverse-logistics disposition decision-making as the process of deciding which recovery option should be adopted, and they argue that such decisions require multiple decision parameters. Their framework is useful because it moves the discussion beyond markdown alone and encourages attention to a wider set of possible exit pathways.

However, Hazen, Hall and Hanna's (2012, pp. 253–264) framework cannot be applied directly to the small-retailer post-festival context. Their study mainly addresses organisational reverse logistics, where firms may have formal processes for reuse, product upgrade, material recovery and waste management. Small independent retailers are likely to operate in a more informal and situated way. They may depend on personal judgement, supplier conversations, customer knowledge and practical constraints rather than formal disposition procedures. Therefore, this thesis adapts the logic of the framework rather than adopting it unchanged.

The adapted framework keeps financial recovery as a central criterion, because post-festival residual stock ties up cash and may reduce margins. It also includes product condition and storability, since retailers must assess whether goods remain physically usable, commercially presentable, and practically worth keeping. Future sales potential is included to capture whether products can still be sold later, through another occasion, another customer group or a more informal channel. These criteria reflect the practical concern that residual stock may still hold value, but that value is shaped by time, space and market conditions, consistent with Blackburn et al.'s (2004, pp. 6–7) argument that value recovery depends on timely disposition.

The framework also extends the disposition perspective by including supplier and relational obligations. For small independent retailers, exit decisions are not made only between the retailer and the product. They may also involve supplier return terms, future ordering relationships, loyal customers and local expectations. Praharsi et al. (2014, pp. 114–116) show that retailer-supplier relationships and consumer loyalty can positively

influence small independent retailer performance. Therefore, in this thesis, supplier and relational obligations are treated as a separate criterion rather than as a background issue.

Finally, the framework includes community and waste-related values. Nguyen et al. (2023, p. 1305) show that overstock reduction methods are not neutral: destructive disposal can damage consumer brand evaluations, while recycling, donation and discounting may be interpreted more positively. For small independent retailers, whose customer relationships are often local and visible, this is especially relevant. The handling of residual stock may affect not only cost recovery, but also reputation, trust and perceived responsibility.

The resulting framework identifies five criteria for exit-pathway evaluation, as shown in Table 1. These criteria are not treated as a fixed checklist that every retailer consciously follows. Instead, they help the study examine which criteria retailers mention, which criteria become most salient in particular situations, and how different criteria interact when retailers explain their post-festival inventory-exit decisions. The analysis also remains open to additional criteria that emerge from the interviews. As the empirical analysis in Chapter 4 will show, these criteria do not operate as parallel inputs in practice; retailers apply them in a consistent sequence that the five-criteria framework does not anticipate.

Table 1. Five analytical criteria for evaluating post-festival inventory exit pathways

Analytical criterion	Meaning in this thesis	Key sources
Financial recovery	Whether the retailer can recover cost, release cash, reduce loss, or protect margin.	Hazen, Hall and Hanna (2012, pp. 258–259, 264); Blackburn et al. (2004, pp. 6–7)
Product condition and storability	Whether the product remains usable, presentable, and worth keeping after the festival.	Blackburn et al. (2004, pp. 6–7); Darbanian et al. (2025, pp. 1–2)
Future sales potential	Whether the product can be sold later, in another season, festival, form, or channel.	Hazen, Hall and Hanna (2012, p. 264); Ehrenthal, Honhon and Van Woensel (2014, pp. 527–529)
Supplier and relational obligations	Whether supplier terms, customer relationships, employee relations, or local expectations shape the available pathways.	Praharsi et al. (2014, pp. 114–116); Benoit, Kienzler and Kowalkowski (2020, pp. 70–71)

Community and waste-related values	Whether the exit decision affects customer trust, store image, waste avoidance, or perceived responsibility.	Nguyen et al. (2023, p. 1305); Pourhejazy, Sarkis and Zhu (2020, pp. 1–2)
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Note. Developed by the authors by adapting Hazen, Hall and Hanna's (2012)

disposition-decision framework to the post-festival small-retailer context. The criteria are used as sensitising concepts rather than as a fixed checklist.

2.3.3 Integrated framework: situational triggering under bounded rationality

The value of combining bounded rationality with the adapted multi-criteria framework is that the two perspectives answer different parts of the research problem. The multi-criteria framework identifies what kinds of considerations may matter in post-festival inventory-exit decisions, while bounded rationality explains why retailers may not evaluate these considerations in a formal, complete or equally weighted way. Without bounded rationality, the framework could appear as a managerial checklist. Without the multi-criteria framework, we would risk describing decision-making in general terms without specifying what retailers are actually evaluating.

The integrated framework therefore understands post-festival exit decisions as shaped by situational triggering. In practice, one or two criteria may become especially salient because of a concrete situation. If a product is perishable or visibly deteriorating, product condition may trigger quick markdown, reprocessing or disposal. If the product can be stored and sold again, future sales potential may justify keeping it. If a supplier allows exchange or return, supplier conditions may open a pathway that would otherwise be unavailable. If visible discounting or low-quality disposal could damage customer trust, reputation may limit how the retailer communicates or performs the exit decision.

Once a pathway satisfies the most salient criterion well enough, the retailer may stop searching for alternatives. This does not mean that other criteria are irrelevant. Financial recovery, product condition, future sales potential, supplier relations, customer trust and waste-related values may all appear in the retailer's account. However, they may not operate as equal decision inputs. Some criteria may function as primary triggers, while others work as background concerns, thresholds or later justifications.

The integrated framework was used as an analytical starting point rather than as a fixed template. It identifies five types of considerations that may shape post-festival inventory exit decisions: financial recovery, product condition and storability, future sales potential, supplier and relational conditions, and community or waste-related values. At this stage, however, the framework does not assume that these criteria operate equally, simultaneously or in a predetermined order. Some criteria may become more salient than others depending on the product, the timing of the decision and the constraints faced by the retailer.

This use of the framework is consistent with the abductive logic of the study. Rather than testing whether retailers follow a pre-existing model, we use the framework to sensitise our reading of the interview material and to examine how these criteria appear, interact and become meaningful in retailers' own accounts. The aim of the empirical analysis is therefore to explore whether the criteria remain parallel in practice, whether some become more decisive than others, and whether additional decision patterns emerge from the interviews.

This framework is not designed to predict one universal decision sequence. Rather, it provides a way to interpret variation across cases. For example, a fruit retailer may prioritise freshness and store image because the product deteriorates quickly; a stationery retailer may prioritise storability and future sales potential because some products can be kept for another festival; a bakery retailer may prioritise reputation and freshness because edible products cannot be sold or donated once quality declines. The purpose of the framework is to guide the empirical analysis toward understanding which criteria become salient, how they interact, and how retailers justify a workable exit decision under their specific constraints.

3. Methodology

3.1 Research Philosophy

This study was grounded in an interpretivist philosophical position. Interpretivism holds that social phenomena are not independently existing facts awaiting measurement, but are produced through the meanings that individuals assign to their own actions and circumstances. For the purposes of this research, that orientation was not merely a procedural choice but a substantive one: the research questions asked how retailers evaluated options and what criteria they prioritised, and those questions are inherently about reasoning, judgement, and situated knowledge. Answering them required access to the way retailers themselves made sense of their situations, not to frequencies or correlations that could be abstracted from that sense-making.

The fit between interpretivist philosophy and this research topic was direct. Small independent retailers operating in festival-driven retail environments do not make inventory exit decisions by consulting formal decision matrices or optimisation algorithms. They draw on accumulated experience, read contextual signals, weigh competing pressures, and arrive at judgements that are shaped as much by their particular business histories and community relationships as by any universal economic logic. Capturing that kind of reasoning required a methodology that could attend to specificity, the texture of individual accounts, and the details that vary from case to case. A positivist framework oriented toward statistical pattern-finding would have averaged out precisely the variation and contextual detail that this study sought to understand.

The specific interpretivist framework adopted was Alvesson and Skoldberg's (2018) reflexive methodology. Alvesson and Skoldberg argue that qualitative research inevitably involves layers of interpretation, the participant's own account, the researcher's reading of that account, the theoretical templates brought to bear, and the broader discursive context in which all of this occurs. Rather than treating these layers as sources of bias to be minimised, reflexive methodology treats them as analytically productive, provided the researcher remains alert to them throughout. In practice, this meant maintaining analytical notes to record interpretive decisions and emerging uncertainties at each stage

of coding and analysis, and considering alternative readings of ambiguous passages before settling on an interpretation. The study is interpretivist in the sense that it focuses on how retailers understand and justify their own decisions. It does not treat interview accounts as objective records, but as situated narratives that require interpretation in relation to context and theory.

3.2 Research Design

The study employed a qualitative, semi-structured interview design with a cross-case thematic structure. Fifteen independent retailers were interviewed individually; the resulting material was analysed across cases to identify recurring patterns in how post-festival inventory decisions were made. The cross-case design was deliberate. A single-case study would have produced richer contextual depth for one retailer's situation, but the research questions were concerned with decision logics that might recur across different product categories, different festival contexts, and different types of retail setting. Comparing across fifteen cases made it possible to distinguish between idiosyncratic features of individual situations and patterns that appeared with enough consistency across varied contexts to be taken seriously.

The study followed an abductive research logic, as set out by Alvesson and Sköldbberg (2018). Abductive reasoning occupies the space between pure induction, in which theory emerges entirely from empirical material with no prior framework, and pure deduction, in which hypotheses derived from existing theory are tested against data. In practice, purely inductive qualitative research is difficult to sustain, because researchers usually approach the field with some prior theoretical sensitivity. Purely deductive approaches, on the other hand, tend to constrain what can be found to what was already anticipated. The abductive approach adopted here allowed the study to begin with the multi-criteria disposition framework (Hazen, Hall and Hanna, 2012) and bounded rationality (Simon, 1955) as orienting theoretical templates, while remaining genuinely open to empirical material that exceeded, complicated, or reordered those templates. The sequential gate model that emerged as the study's main finding was not predicted by either framework; it arose from the data and was then brought into dialogue with the frameworks to identify where the contribution lay.

The overall design underwent a significant reorientation during the early stages of data collection. The study was initially conceived with a stronger emphasis on the cultural dimension of festival goods, specifically, the question of how the temporal specificity of festival-themed products affected retailers' willingness to hold or exit inventory. The assumption was that cultural timeliness would be a primary concern: that retailers would

speak extensively about the meanings attached to festival goods and how those meanings decayed after the occasion. In practice, the early interviews made clear that this framing did not match how retailers themselves experienced the problem. Participants spoke almost entirely in operational terms: cost recovery, storability, supplier return terms, the practicalities of discount pricing and donation logistics. Cultural meaning was present in their accounts, but it appeared as one consideration among several, not as the organising concern. Continuing to analyse the material through the original cultural-timeliness lens would have imposed a framework that retailers' own accounts did not support.

The decision was taken, after the fourth interview, to reorient the study toward operational decision-making as the primary focus. This reorientation was analytically productive rather than a retreat from the original ambitions. It brought the research closer to how retailers themselves experienced and reasoned about the problem, which is precisely what an interpretivist, reflexively grounded study should do. The cultural dimension was not abandoned; rather, it reappeared later in the analysis as part of the mechanism of occasion-value decay, which helped explain how future sales potential collapsed after specific festivals. It was therefore treated as an emergent analytical concept within the broader decision process, rather than as the primary lens through which the entire study was interpreted. The reorientation also sharpened the study's contribution: by attending to the operational logic of inventory exit decisions, the study was able to engage substantively with the disposition and reverse logistics literature in ways that a primarily cultural analysis would not have permitted.

3.3 Sampling and Participants

Fifteen participants were recruited through a combination of purposive sampling and snowball referral. The sampling strategy was designed for variation rather than statistical representativeness. Because the study aimed to identify decision logics that recur across different retail contexts, it was important that the sample included retailers working across a range of product categories, festival occasions, and operational settings. Selecting participants who were similar to one another would have made it impossible to distinguish between patterns that were genuinely general and patterns that were artefacts of a particular product type or retail environment.

Initial contacts were made through personal networks and through visits to local markets and retail areas where small independent traders operated. Several participants were introduced through community acquaintances already known to the researcher; others were approached directly during market visits and agreed to participate after a brief explanation of the study's purpose. Subsequent participants were recruited through referrals from those already interviewed, a snowball method that suited a community in which traders often knew one another through shared supplier networks, market associations, or neighbourhood ties. Care was taken to ensure that snowball referrals did not produce a sample dominated by a single network cluster; where a participant offered multiple referrals, those were spread across the interview schedule rather than clustered consecutively.

Variation in the final sample was achieved across several dimensions. Product category ranged from highly perishable goods, fresh food, flowers, to durables with longer shelf lives, stationery, books, tea, decorative items, and general convenience goods that combined both. Festival coverage included Spring Festival, Mid-Autumn Festival, the 5.20 gifting occasion, Teachers' Day, and the school-term back-to-school period. Retailer tenure in their current business ranged from under two years to over fifteen years, providing variation in the depth of accumulated experience participants could draw upon. Location type varied between urban covered markets, street-front retail units, and shops adjacent to university campuses, each with a distinct customer base and commercial environment. Table 2 summarises participant profiles and primary festival contexts.

Table 2. Participant profiles and primary festival contexts

Code	Retail type	Festival / seasonal stock discussed	Analytical relevance
R1	Stationery, gift and snack store	Artificial flowers (Teachers' Day, Women's Day, Mother's Day); Christmas cards and gift bags	Shows how storability and low unit value shape the choice between storage, discounting and gifting
R2	Fresh fruit retailer	Daily fresh fruit; Chinese New Year gift boxes (nuts, milk)	Shows how perishability and product condition narrow available exit pathways to markdown and disposal
R3	Roasted nuts and snack retailer	Chinese New Year snack gift boxes; nuts and pastries	Shows how packaging format, reputation constraints and relational gifting shape food-gift exit decisions
R4	Spring Festival decoration retailer	Couplets, red envelopes, lanterns, zodiac pendants	Shows how festival specificity and future sales potential interact with cost-recovery thresholds
R5	Independent florist	5.20 / Valentine's Day cut flowers and bouquets	Shows how retailers create staged fallback pathways as flower value erodes rapidly after the festival
R6	Independent bakery and pastry shop	Mid-Autumn Festival mooncakes	Shows how food safety, freshness and long-term reputation constrain post-festival selling and disposal
R7	Community convenience store	Chinese New Year general festive goods and snack gift packs	Shows how informal small-store routines handle heterogeneous residual stock with minimal deliberation
R8	Four Treasures of Study and cultural goods store	Chinese New Year couplets (handwritten); decorative ink; incense; Dragon Boat Festival sachets	Shows how some festival goods lose relevance quickly while others retain year-round use value
R9	Shopping-mall florist	Festival bouquets and cut flowers (Valentine's Day, 5.20)	Shows how perishable inventory decisions operate under more visible customer-facing mall retail conditions
R10	School-area independent supermarket	Mid-Autumn Festival mooncakes (consignment); back-to-school dormitory goods; Lantern Festival tangyuan; near-expiry food management	Shows how consignment arrangements transfer residual risk to the supplier and reshape the exit decision structure
R11	Artisan bakery	Mid-Autumn Festival and daily baked goods; Dragon Boat Festival rice dumplings	Shows how categorical freshness rules, rather than case-by-case evaluation, govern perishable food

			exit decisions
R12	Specialist tea retailer	New-harvest tea (Spring Festival and seasonal gifting period)	Shows how product ageing transforms commercial identity from new-harvest to aged-tea classification over time
R13	Community supermarket / convenience store	Chinese New Year gift goods: milk gift boxes, snack gift packs (Wangwang), baijiu	Shows how supplier exchange and credit arrangements provide a middle-ground exit pathway between retention and disposal
R14	Campus bookshop and study aids retailer	Back-to-school period stationery; supplementary learning materials; exam and curriculum books	Shows how need-timing rather than price sensitivity governs demand collapse for educational and seasonal goods
R15	School-gate independent stationery/convenience shop	Teachers' Day and graduation items; greeting cards; classroom decorations; blind-bag clearance goods	Shows how low unit cost and occasion-generic products effectively pre-empt the post-festival exit problem

All fifteen participants were owner-managers who held direct personal responsibility for inventory decisions in their businesses. None operated through a managerial hierarchy in which purchasing and exit decisions were delegated to employees. This was an important sampling criterion rather than an incidental feature of the sample. The research questions were about how decision-makers evaluate options and prioritise criteria; interviewing employees who implemented decisions made by absent owners would have produced accounts mediated by an additional layer of distance from the decision-making process itself. The focus on owner-managers ensured that participants could speak from direct, first-hand experience of the decisions under investigation.

The sample provided sufficient thematic depth for the purposes of this qualitative study. From around the eleventh and twelfth interviews onward, the main analytical patterns, including the priority given to product condition, the sequential structure of the decision process, and the role of supplier relationships as a background constraint, began to recur across new interviews. The final three interviews confirmed and refined these patterns rather than introducing materially new exit pathway logics. This provided reasonable grounds for treating the sample as sufficient for the analytical claims made in the thesis, while recognising that further interviews may have revealed additional variations.

3.4 Data Collection

Interviews were conducted during the data collection period, following the finalisation of the interview guide and discussion of ethical procedures with the supervising. All fifteen interviews were conducted in Mandarin Chinese, the primary language of all participants. The decision to conduct and record interviews in Mandarin was straightforward: participants were far more able to articulate the texture of their decision-making in their native language than they would have been in English, and the analytical priority was access to the richness of their accounts rather than methodological convenience.

The interview lasts approximately 30 to 45 minutes, with an average of about 37 minutes. The variation in duration reflected differences in how expansively individual participants chose to speak, and in the complexity of the inventory situations they described. Shorter interviews were not treated as analytically inferior; several of the more concise participants spoke with a directness and specificity that produced particularly clear material for analysis. Longer interviews often included extensive contextual narration that enriched the understanding of individual cases even when it did not introduce new analytical themes.

The setting for interviews varied. Several were conducted in-store during quiet periods in the trading day, with participants speaking from their own retail environment. Others were conducted via WeChat video call at a time of the participant's convenience, an arrangement that accommodated participants whose stores did not have a quiet period suitable for a sustained conversation, or who preferred the flexibility of a remote format. In-store interviews carried a practical analytic advantage: the physical environment, product types visible on shelves, storage conditions, the scale and layout of the retail space, provided contextual information that enriched the interpretation of participants' accounts.

The interview guide was structured to move from concrete episode recall toward analytical reflection. Participants were first asked to describe a specific post-festival situation they had handled, a particular occasion, a particular product, a particular decision they remembered clearly. Beginning with a concrete episode served two

purposes: it grounded the conversation in actual experience rather than hypothetical generalisation, and it gave participants a natural narrative starting point from which the interview could develop. From that starting point, probing questions moved toward the criteria and trade-offs involved in the decision, the constraints that shaped the available options, and the participant's retrospective evaluation of the outcome. Table 3 summarises the main thematic areas of the interview guide together with illustrative example questions.

Table 3. Interview guide: main themes and example questions

Theme	Example questions
Business and context	Can you briefly describe your store and your role in inventory decisions? What festivals or seasonal periods are most important for your business?
Residual stock experience	Can you describe a recent situation where stock remained unsold after a festival or seasonal period ended? What kinds of products were left?
Available pathways	What options did you consider for dealing with the remaining stock? Discounting, holding, bundling, supplier return or exchange, donation, gifting or disposal?
Decision criteria	What made one option better or worse than another? How did you think about cash, storage, time, customer reaction and waste?
Constraints	Were there any constraints that limited your choices? Supplier rules, storage, staff time, customer expectations or financial pressure?
Reflections	Looking back, would you make the same decision again? What would have helped you decide differently?

The five analytical criteria that feature in the study's findings were not named explicitly to participants at any point in the interview. Probing around each criterion was constructed indirectly, asking about specific aspects of the situation rather than inviting participants to confirm or deny a pre-formed category. This approach was important for the integrity of the abductive analytical strategy: the aim was to allow criteria to emerge from participants' accounts rather than to have participants ratify a framework already constructed by the researcher. All interviews were audio-recorded with participants' informed consent. Detailed notes were also taken during and immediately after each interview to capture elements of the conversation not fully preserved by audio recording:

pauses, changes in tone or pace, gestures observed in in-store settings, and the researcher's initial impressions of the overall shape of the account.

All fifteen interviews were transcribed by the researcher in Mandarin Chinese, producing a full Chinese-language transcript for each participant. The primary coding and analysis were conducted on these Chinese transcripts in order to remain close to participants' original wording and meaning. English translation was conducted selectively rather than as a full-transcript translation. Extracts that were used in the coding results, cross-case comparison and thesis presentation were translated into English by the researcher, who is a native Mandarin speaker. Translation decisions were guided by fidelity to meaning rather than word-for-word equivalence. Where Mandarin expressions, festival references, pricing terms or supplier-relationship phrases did not map directly onto English, the translation prioritised communicative meaning and included brief contextual clarification where necessary. Selected translated extracts were reviewed against the original Chinese transcripts during analysis to ensure that the English wording did not distort the participant's intended meaning. This approach of analysing in the original language and translating selectively, rather than translating in full before analysis, strengthens interpretive fidelity by keeping analytical interpretation grounded in the participants' own Mandarin phrasing and cultural reference points.

3.5 Method of Analysis

The interview material was analysed using abductive thematic analysis, drawing on Braun and Clarke's (2006) foundational account of thematic analysis and integrating the reflexive, iterative sensibility described by Alvesson and Sköldberg (2018). Abductive thematic analysis differs from a purely inductive version in that it allows theoretical templates to orient the initial analytical pass without constraining what can be found; it differs from a deductive approach in that those templates are treated as provisional frameworks that the empirical material may extend, challenge, or reorder. Both of those qualities were necessary for this study, which began with an existing multi-criteria disposition framework and found in the data a sequential structure that the framework had not anticipated.

The analytical procedure unfolded in eight stages, summarised in Figure 1. Data preparation formed the starting point: the fifteen interviews were audio-recorded and transcribed in Mandarin Chinese by the researcher. The Chinese transcripts formed the primary basis for coding and analysis. English translation was carried out selectively for the extracts used in coding results, cross-case comparison and thesis presentation, with translated passages checked against the original Chinese wording where meaning, tone or cultural reference was uncertain. Familiarisation followed: all fifteen Chinese transcripts were read in full without coding, to develop a holistic sense of the material before any reduction occurred. Initial impressions were noted before systematic coding began. Initial open coding came next. Each transcript was coded line by line, with codes capturing both the content of what was said and the process of how decisions were described, with certainty or hesitation, as deliberate reasoning or habitual routine, as individual judgement or in response to external pressure. This dual-register coding proved analytically significant when the sequential gate model began to emerge, because the process dimension of participants' accounts was where the ordering of criteria was most clearly visible.

Template analysis was then applied, using the five-criteria disposition framework as an initial organising structure. Passages relevant to each criterion were identified across all fifteen transcripts and gathered into criterion-specific code groups. This stage found

empirical support for all five criteria across the dataset, though not with equal salience in every case, and produced the detailed empirical material used in the findings. Emergent pattern detection followed. A substantial volume of material did not fit neatly within the five-criteria template: most significantly, participants consistently described their decision process in a sequential rather than simultaneous manner. Product condition was addressed before other criteria were considered; future sales potential was assessed only if condition had cleared a minimum threshold; financial recovery was calculated only once potential had been evaluated. This sequencing appeared with sufficient consistency across different participants and product contexts to constitute an analytical pattern, and was subjected to a separate round of focused coding that ultimately produced the sequential gate model. The front-end ordering pattern, managing downstream exit decisions by adjusting upstream purchasing in advance of the festival, was identified through a parallel process.

Cross-case synthesis then drew these strands together. Coded material was compared systematically across all fifteen cases, decision sequences were mapped and compared, and variation was examined to identify what contextual features distinguished cases that followed the gate model closely from those in which the sequence was interrupted or modified. Four downstream exit logics and one upstream prevention logic were identified through this comparative work.

The distinctive feature of the analytical process was the movement from a parallel theoretical framework to a sequential empirical model. The initial five-criteria framework was used as a sensitising template, but during cross-case comparison we found that retailers did not describe the criteria as parallel inputs. Instead, their accounts repeatedly showed an ordered process in which the first two criteria shaped the feasible decision space before financial recovery, supplier relations and community values became relevant.

Figure 1 presents the analytical pathway used to maintain transparency, showing how the study moved from Chinese interview transcripts, selective translation of coded extracts, coding results, cross-case comparison, emergent patterns and theoretical refinement.

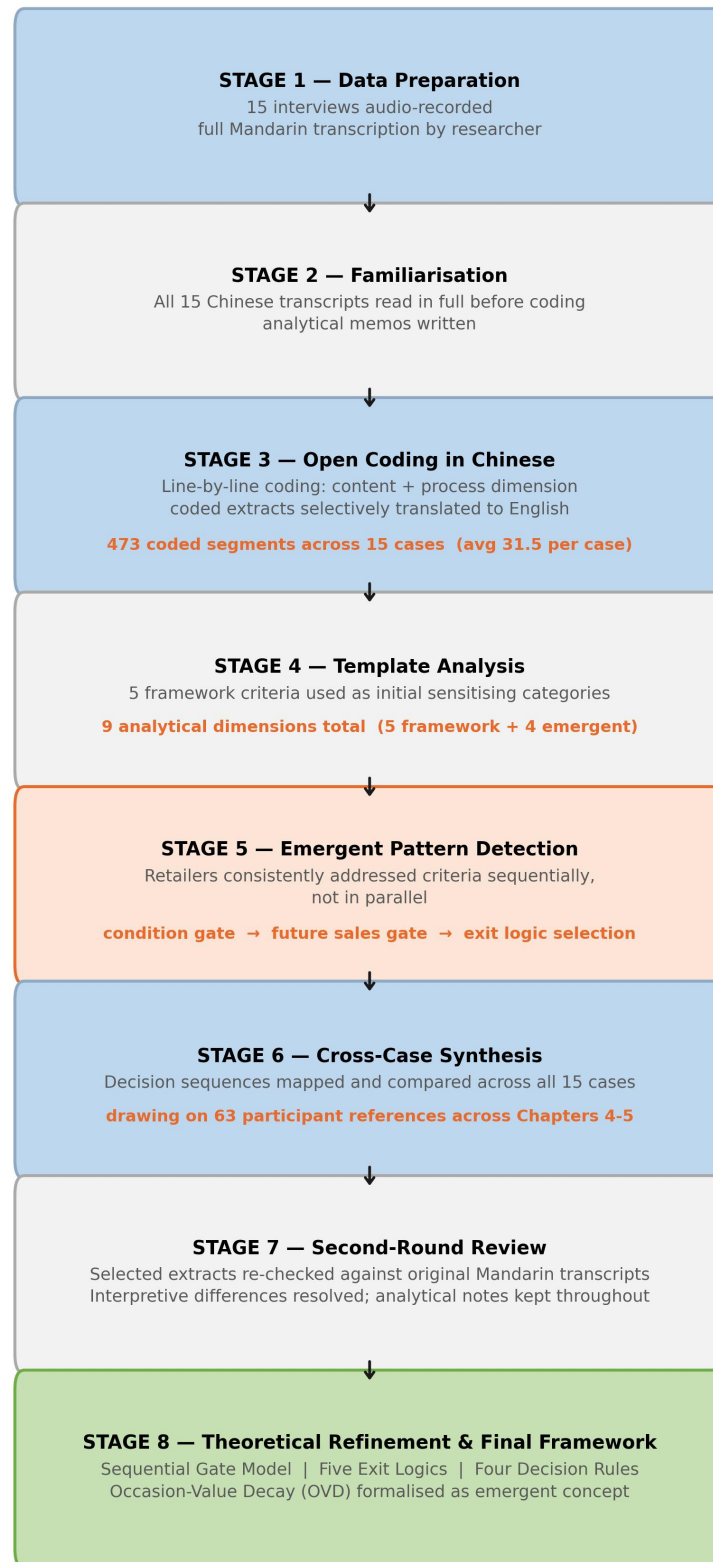


Figure 1. Analytical pathway from interview transcripts to the sequential gate model

A second-round review was then conducted to strengthen analytical transparency. Selected transcripts and coded extracts were reviewed and compared with the initial coding structure, using selected coded extracts from all fifteen interviews and returning to the Mandarin transcripts where meaning, wording or translation was uncertain. This was not intended to produce statistical inter-coder reliability, but to function as a reflexive check on the emerging interpretation. This comparison helped identify convergence around the main themes, product condition as a gatekeeping criterion, financial recovery as a threshold, and supplier relationships as a background constraint, and surfaced productive differences on several emergent codes, particularly occasion-value decay and the upstream front-end ordering pattern. These differences were discussed and used to refine the final thematic structure. Where interpretations differed during this second-round review, the relevant transcript passages were re-examined in context; in each case, this either confirmed the original interpretation with stronger grounding or produced a more precise formulation. Theoretical refinement concluded the process: the empirical patterns were brought back into dialogue with the bounded rationality framework and the multi-criteria disposition model, and the gap between the parallel structure implied by the framework and the sequential gate structure found in the data was identified as the study's primary theoretical contribution. Analytical notes were kept throughout all eight stages to document interpretive decisions and support a traceable record of how the analysis developed.

3.6 Research Quality

Research quality was assessed using the trustworthiness framework established by Lincoln and Guba (1985), which provides qualitative research with criteria parallel in function to validity and reliability standards while remaining appropriate to the epistemological commitments of interpretivist inquiry. The four criteria, credibility, transferability, dependability, and confirmability, were each addressed through specific procedural choices during data collection and analysis.

Credibility refers to the confidence that can be placed in the truth value of the findings within the context studied. All fifteen participants were owner-managers with direct personal responsibility for the inventory decisions under investigation, producing empirical material grounded in first-hand experience. Negative case analysis was conducted throughout: cases that did not conform to the sequential gate model, most notably R10, whose consignment arrangement substantially removed downstream exit decisions from the retailer's discretion, were examined specifically to test the model's boundaries and ensure its scope was not overstated. The second-round coding comparison described in Section 3.5 provided an additional reflexive check on the analytical process.

Transferability was addressed through thick description of each participant's retail context, product category, festival occasion, and operational environment. Sample variation across product types, festival occasions, location types, and retailer tenure ensured that the findings were not artefacts of a single narrow context. Findings are presented throughout as analytical patterns rather than statistical generalisations, allowing readers to assess their applicability to situations the study itself did not examine. Dependability was supported by analytical notes documenting coding decisions at each stage, the second-round coding comparison procedure, and the traceability of coding decisions to specific transcript passages. The analytical pathway shown in Figure 1, together with the case-level coding results, provided an audit trail from raw transcripts to final themes, strengthening dependability and confirmability. Confirmability was addressed by attending to the researcher's own assumptions throughout the analytical process, and by considering alternative interpretations of ambiguous passages before settling on a final reading. The study treats participants' accounts as situated narratives

requiring interpretation rather than as transparent windows onto objective reality, consistent with Alvesson and Skoldberg's (2018) reflexive framework.

3.7 Ethical Considerations

Ethical responsibilities were addressed through procedural safeguards and ongoing attentiveness to participants' interests. Ethical considerations were addressed in line with the university's thesis guidelines and discussed with the supervising before data collection began. All fifteen participants provided informed consent prior to their interviews. Each received an information sheet in Mandarin Chinese explaining the research purpose, the voluntary nature of participation, the right to withdraw without penalty, data storage arrangements, and the anonymisation procedures that would apply to all published output. Consent was confirmed verbally at the start of each interview and documented.

Participant anonymity was maintained throughout the study. All participants are referred to using the codes R1 through R15. No store names, precise locations, supplier names, or financial figures that would enable identification appear in the findings or supporting material. Where contextual details are provided to support analytical interpretation, they are described at a level of generality that prevents identification. Several participants operated in relatively small commercial communities where detailed description could potentially have identified them to readers with local knowledge; particular care was taken in those cases.

The commercially sensitive character of some information shared by participants, pricing strategies, supplier relationship details, financial pressures on residual inventory, was handled with deliberate care. Excerpts and case details were selected to illustrate analytical patterns, not to expose the business vulnerabilities of individual participants. Audio recordings and transcripts were stored securely and were accessible only to the research team. Participants who expressed interest in the study's findings were offered a written summary upon completion.

4. Findings

This chapter presents the empirical findings drawn from fifteen semi-structured interviews with small independent retailers operating in urban and peri-urban China. The central finding is that post-festival residual inventory is not managed through a single optimisation calculus but through a sequential filtering process in which decision-makers apply a series of evaluative gates before downstream considerations, such as price discounting, supplier negotiation, or community distribution, become relevant. Elements of this gate structure appeared across several product types, festival contexts and retailer profiles, suggesting that it was more than an idiosyncratic response by individual retailers.

The chapter is organised as follows. Section 4.1 maps the range of exit pathways available to retailers and explains how the feasible set of options is narrowed before any active decision is taken. Section 4.2 analyses the two primary gates, product condition and future sales potential, that govern whether and how a residual item enters the clearance process. Section 4.3 examines what the gates open onto: the downstream considerations of financial recovery, supplier relations, and community reputation that shape which pathway is ultimately chosen. Section 4.4 addresses the upstream dimension, showing how front-end ordering works as a risk-control mechanism that pre-empts the exit problem. Section 4.5 synthesises the cross-case patterns into four downstream exit logics and one upstream prevention logic and connects these to the research questions guiding the study.

4.1 Exit pathways: the narrowed feasible set

A preliminary finding of this research is that the range of exit pathways available to small independent retailers is considerably narrower than a theoretical inventory-clearance framework might suggest. In principle, a retailer facing unsold festival stock could choose from a variety of responses: extended storage for future sale, immediate markdown, bundling with other products, redistribution to suppliers, donation to community members, or disposal. In practice, the majority of these options are foreclosed before any deliberate decision is made, either by the physical properties of the product or by structural features of the retailer's supply relationship and social environment. What retailers described in interviews was not a free choice among equivalent options but a process of elimination in which the feasible set was narrowed to one or two viable responses before active decision-making began.

The most immediate constraint on the feasible set is product type. Retailers handling perishable goods, R2, who sold fruit for Spring Festival, and R3, the roasted nuts and snack retailer, whose festival gift boxes had limited shelf lives, reported that the storage option was categorically unavailable. R2 described a working philosophy of rapid turnover in which fruit was never carried beyond its viable selling window, a principle that effectively reduced the exit problem to a single question: how quickly can the remaining stock be moved before it deteriorates below the threshold of saleable quality. R3 faced a related but socially inflected constraint, noting that customers were particularly sensitive to the idea of purchasing food items that had been sitting unsold following a festival, which compressed the timeline for any clearance action and placed reputational as well as physical limits on how long unsold goods could be retained.

R2 described fruit as a product that “cannot wait”: “Fruit shouldn’t be hoarded; it’ll spoil if you do. We have refrigerated cabinets and some temporary storage places in the shop, but these spaces are mainly for maintaining freshness, not for long-term storage.” (R2) This illustrates how perishability narrows the feasible set before other criteria become relevant.

Retailers handling durable goods operated within a different but equally structured feasible set. R1, who managed a gift and stationery shop serving multiple festivals including Teachers' Day, Women's Day, and Mother's Day, described a sourcing strategy explicitly designed to keep the storage option open by selecting products with generic enough packaging that they could circulate across festival contexts without appearing stale. R15, who ran a school-gate stationery and convenience shop selling greeting cards, classroom decorations and Teachers' Day items at very low unit prices, similarly reported that the exit problem was largely pre-empted by the nature of the products themselves: low-cost durable items could be held indefinitely without deterioration and moved without markdown simply by incorporating them into ordinary non-festival sales. For these retailers, the feasible set included extended storage as a live option in a way that it did not for perishable-goods sellers.

R1 explained this logic directly: "Artificial flowers do not become outdated, and the style is relatively general. If the packaging does not specifically mention a festival, they can still be sold next time. Their value does not disappear just because Teacher's Day has passed." (R1) This shows that packaging was not treated as a cosmetic detail, but as a way of keeping the storage pathway open across several festivals.

R15 described an ordering approach that also served as exit-risk management: small trial quantities meant any residual inventory could be left to sell slowly without urgency. "If it looks like children might like something, I take two to try. If it sells well, I replenish; if it does not sell well, I just leave it there and sell it slowly." (R15) This shows how low unit cost and ordinary usefulness reduce the urgency of post-festival exit decisions.

Occasion-specific products introduced a third and analytically distinct constraint pattern. R4, who sold Spring Festival decorations including blessing characters and Lunar New Year-themed items, identified a sharp distinction within the durable category between items that retained generic appeal across time and those whose commercial value was tied to a specific zodiac year. A standard blessing character, R4 explained, could be stored and sold the following Spring Festival without loss of value. A Year of the Horse character, however, could not be returned to circulation until the next Horse Year, a twelve-year interval that, as R4 wryly noted, would in all likelihood exceed the physical

durability of the item itself. This observation shows that durability in a material sense does not automatically translate into storability in a commercial sense; occasion-specificity can render a physically intact product effectively unsaleable across the relevant planning horizon.

R8 described the same constraint from the disposal side: products identified as purely occasion-bound had no residual value once the festival passed. “Some items that were not given away even through activities were directly thrown away. The reason was that these things are purely festival-specific and would not sell afterwards. If kept until next year, there would be new styles, they would occupy inventory space, and there might be some damage during storage, so they were simply thrown away.” (R8) This shows that the feasible set depends not only on physical condition but on the match between a product’s symbolic content and the cultural occasion.

Supplier relationships introduced a further structural constraint that shaped the feasible set independently of product characteristics. The default condition across most of the sample was that supplier return arrangements were not available for festival goods. R1, R3, R4, and R5 all confirmed that unsold stock was the retailer’s responsibility to manage, with no expectation of return or credit from the upstream supplier. This usual arrangement is significant because it removes what might otherwise be the most administratively straightforward exit pathway, returning goods to the supply chain, and forces retailers to manage residual inventory entirely within the downstream space of their own commercial and social environment. Exceptions to this arrangement existed but were structurally distinct: R10 operated under a consignment arrangement with a mooncake supplier, and R14 had access to a distributor return channel for unsold educational materials. These exceptions are analysed in detail in Section 4.3.

The practical implication of this narrowing is that the feasible set retailers face is not a theoretical construct but a lived constraint. By the time a retailer is actively deciding what to do with unsold festival goods, the available options have already been reduced by product physics, occasion-specificity, and supply-chain structure. The decision problem that participants described in interviews was therefore not “which of many options should I choose” but “given what is actually possible, which of the remaining paths makes most

sense.” The feasible set was therefore not a theoretical menu of possible exits, but an empirically narrowed set produced by product characteristics, time pressure, supplier terms and reputational concerns.

Across these cases, the feasible set was narrowed before active choice began. Product type, packaging, supplier terms and occasion-specificity determined which exit pathways were realistically available.

4.2 The two gates: product condition and future sales potential

Within the narrowed feasible set, the findings reveal a sequential two-gate structure that governs how retailers evaluate residual inventory. The first gate assesses whether a product remains in a condition that makes continued commercial use viable at all. The second gate, which is only reached if the first is cleared, assesses whether the product retains sufficient sales potential, either in the current festival context or in a plausible future one, to justify retention. These two gates are logically sequential: a product that fails the first gate does not reach the second. Together, they determine not only whether clearance is necessary but which clearance pathway is appropriate.

4.2.1 Product condition and storability as the first gate

The product condition gate works as a hard limit rather than as one factor to be weighed against others. Retailers with perishable inventories did not describe condition as something to be balanced against financial recovery or reputational concerns; they described it as the boundary that defined what was possible. R2, the fruit retailer, operated on a logic of strict temporal management in which the moment fruit crossed below a quality threshold, it ceased to be a sellable product and the question shifted from “how to sell it” to “how to dispose of it responsibly.” The decision problem, in this framing, did not require deliberation once the condition gate was reached. It was effectively resolved by the product’s physical state.

R11, the bakery owner, expressed this logic in its clearest and most institutionalised form. The principle governing R11’s operation was not a case-by-case assessment of whether yesterday’s baked goods might still be acceptable but a firm categorical rule:

“The quality is definitely not a problem, but our shop rule is that freshly baked products are not kept and sold the next day. We have kept this rule for many years. The taste and condition of bakery products change very noticeably; what is freshly baked today is definitely different from what has been left until the next day.” (R11)

What distinguishes R11’s approach is not just the rule itself, but the fact that it pre-empts evaluation rather than guiding it. The explicit reference to ‘many years’ grounds the

principle in accumulated operational experience the boundary was settled through practice, not derived from any single cost calculation. Functionally, this kind of fixed rule acts as a commitment device: by removing discretion at the point of disposal, it also removes the pressure to treat condition assessment as negotiable when financial recovery is at stake.

R3, the roasted nuts and snack retailer, described a more socially mediated but functionally equivalent constraint. Unlike R11, R3 did not apply a rigid temporal rule, but the customer-facing dimension of condition assessment was acute: food products that appeared to have been sitting unsold following a festival carried a reputational risk that non-food items did not. Customers were alert to the possibility that discounted post-festival food items might be selling because quality had declined, which effectively compressed the usable window for post-festival clearance of food goods. R5 articulated a related concern about flowers: goods could not be passed on to customers merely to avoid waste if they were no longer at an acceptable standard. The customer might not notice immediately, but the shop would be held responsible later. The result was a condition gate that operated with similar practical force to R11's formal rule, even in the absence of explicit codification.

R3 explained that discounted food gift boxes could easily create suspicion: "If a 168-yuan gift box is suddenly sold for seventy or eighty yuan, customers' first reaction is to wonder whether it has been kept for too long or whether nobody wants it." This shows that condition was not only a physical assessment but also a customer-facing reputational concern.

For retailers handling genuinely durable goods, the condition gate was rarely a live constraint. R1 and R15 both reported that their core products, stationery, packaged gifts, greeting cards and classroom decorations, did not deteriorate during storage and therefore did not impose a time-limited window on exit decisions. The condition gate, for these retailers, was passed automatically and without deliberation, and the decision process moved directly to the second gate: future sales potential. This difference between perishable and durable sellers helps explain why the urgency and emotional texture of the exit problem differed so sharply between the two groups. Perishable-goods retailers

described the post-festival period in terms of pressure and speed; durable-goods retailers described it in terms of assessment and patience.

R12, the tea shop owner, presented the most analytically interesting case with respect to the condition gate. Tea, unlike baked goods or cut flowers, does not deteriorate during storage. It ages. R12's situation showed that the condition gate is not simply a binary assessment of whether a product has spoiled but a more complex evaluation of how storage affects product character and commercial classification. Unsold new-harvest tea carried beyond its intended sales window did not become worse; it became different, progressively acquiring the characteristics of aged tea, a distinct product category with its own market and pricing logic. For R12, the condition gate was not a barrier to storage but a variable that transformed the product's identity over time. This case is returned to in the following section.

Taken together, the condition gate data confirm that product storability works as a hard upstream constraint on the exit decision process. Retailers do not weigh condition against other factors in a compensatory calculation; they apply it as a threshold that determines whether downstream options remain available. This finding aligns with the broader gate-model logic: the condition gate is not one input into a multi-attribute decision but the first filter through which inventory must pass before further evaluation becomes relevant.

4.2.2 Future sales potential and occasion-value decay

For products that clear the condition gate, the second evaluative question concerns future sales potential: whether the item retains sufficient commercial value to make retention for future sale a viable option, or whether its value has decayed to the point that immediate clearance is preferable. This gate is structurally more complex than the first because it requires retailers to reason about demand conditions that do not yet exist, and because the nature of value decay differs substantially across product types. Three trajectories emerged from the data: value collapse, value persistence, and value migration.

The value-collapse trajectory was most clearly articulated by R5, the flower shop owner serving the 5.20 festival:

“On the festival day, customers are willing to buy flowers even if they are a little expensive because that time has meaning. Once 5.20 passes, the flowers are still flowers, but their value as festival gifts declines.” (R5)

This account captures the essential mechanism of occasion-value decay: the product’s physical attributes are unchanged, but its function as a festival gift, the primary source of its premium value, evaporates with the passing of the occasion. Post-festival flowers retained some residual value as ordinary decorative items, but this was structurally different from and substantially lower than their festival-period value. The practical implication was that the future-sales gate closed rapidly after 5.20 passed, and the appropriate response shifted from retention to immediate clearance.

R14, the school bookshop manager, described a different form of occasion-specificity tied to the academic calendar rather than a single festival date. Study aids were wanted during the active study period and were not wanted outside of it, regardless of price:

“If you talk about selling at a discount, students who do not need it will not buy it even at half price. Those who need it will buy it at full price; those who do not need it will not buy it even if it is cheap.” (R14)

This is a need-timing problem, not a price problem. The future-sales gate was not governed by how old the product was, but by whether the demand context associated with it remained active. When the school term ended, the gate closed, and it would reopen only with the next cohort of students, at which point the product might or might not remain relevant depending on curriculum changes. Markdown could not fix it because the demand had not become price-sensitive; it had simply stopped existing for most buyers.

R4 articulated the future-sales gate with particular clarity through the distinction between generic and year-specific items:

“It means that once this year passes, it cannot be sold. An ordinary fu character can still be sold next year, but a Year of the Horse character cannot. Unless you wait another twelve years—but who would wait? It would be ruined in storage.” (R4)

The dry observation that even a twelve-year holding period would be defeated by physical deterioration shows that the condition gate and the future-sales gate interact: a product can fail the future-sales gate not because demand will never return but because the condition gate will close before it does. R1 drew the same strategic conclusion in practice, choosing generic packaging wherever possible so the same stock could move across Teachers' Day, Women's Day, and Mother's Day, deliberately keeping the future-sales gate open across the festival calendar rather than allowing it to close sharply after any single occasion.

R12's tea migration trajectory represents the most analytically distinct case. Where most products either retained their commercial classification across time or lost it sharply, R12's unsold new-harvest tea underwent a gradual transformation of commercial identity. As it aged, it became appropriate to market under the aged-tea classification, which carried different associations, a different customer base, and a different pricing structure. This migration trajectory is analytically distinct from value collapse because the product's commercial meaning did not disappear, it shifted. The future-sales gate did not close; it reopened onto a different market.

R12 described tea as changing category rather than simply losing value: "When tea is left over, it basically becomes aged tea. As long as tea is stored properly, it can be kept for a long time; the difference is that new tea and aged tea are not the same in aroma, taste, or gift-giving feel. Aged tea is sold at a lower price. Tea slowly changes from 'new tea' to 'aged tea', and the price adjusts along with that." This case complicates the future-sales gate because holding does not necessarily mean waiting for the same market to return; it can mean allowing the product to enter a different market category.

The three trajectories provide a way of understanding why the future-sales gate operates differently across product types. Value collapse occurs when festival-period value is constituted primarily by occasion-specific meaning that cannot be transferred to other contexts. Value persistence occurs when a product's commercial meaning is not occasion-specific and its condition is stable. Value migration occurs when storage changes the product's character in ways that open new commercial possibilities. The migration trajectory is particularly important analytically because it shows that the

future-sales gate is not a binary open/closed assessment but a more complex evaluation of which market the product is likely to reach if held, and under what conditions.

These cases show that product condition and future sales potential did not simply vary in importance across cases. They determined whether other criteria could become relevant at all.

4.3 What the gates open onto: financial recovery, supplier relations and community values

After the condition gate has been passed, cases diverge at the future-sales gate. If future sales potential is high, storage or carry-forward becomes possible. If future sales potential is low or uncertain, retailers move into a downstream decision space shaped by financial recovery, supplier relations and community reputation. These considerations do not operate as gates in the sequential sense; rather, they shape the specific pathway chosen within the feasible set that the gates have defined.

4.3.1 Financial recovery as threshold

The financial logic that emerged from the interviews was not one of profit maximisation but of threshold satisficing. Retailers did not describe their goal as achieving the highest possible return on remaining stock; they described a target, most commonly framed as recovering their wholesale cost or reaching a break-even point, and a willingness to change behaviour once that threshold had been crossed. This threshold logic has direct implications for clearance strategy: retailers who had not yet recovered their cost were more likely to hold price or seek partial recovery through private negotiation, while those who had already cleared break-even were more willing to give stock away, price it nominally, or donate it.

R4 described this threshold dynamic with particular precision:

“Once that line is crossed, the person changes. Before it, you are tense; after it, you are relaxed.” (R4)

This formulation reveals that the break-even threshold works as a psychological and social permission structure as well as a financial one. Before break-even, giving away or deeply discounting stock represents an unrecovered loss; after break-even, the same action is experienced as generosity rather than failure. The threshold does not change what the retailer does, giving stock to community members may occur on both sides of it, but it changes the meaning and emotional register of the act, which in turn affects willingness to engage in it.

R7, the neighbourhood general-goods retailer, described a behavioural pattern consistent with this threshold logic. Post-break-even, R7 moved into a mode of half-selling, half-giving: items were offered at nominal prices or distributed to regular customers and community members without expectation of full payment. This behaviour was not experienced as a commercial failure or a distress measure but as a normalised phase of the post-festival cycle. R9 described a related but distinct logic in which the festival period itself was treated as the relevant accounting unit rather than individual sales transactions, the cost of some unsold inventory was understood as a necessary expenditure, a cost of readiness, rather than a planning failure. R15 carried this logic all the way to product selection: by keeping unit costs low across the shop, residual inventory never became a serious financial problem regardless of what sold, because the maximum possible loss on any quantity of unsold stock was small enough to write off without distress.

R7 described the post-break-even stage as a relaxed mixture of selling and giving: “Fireworks do have relatively high margins, so festival-period sales basically will not lose money; the cost can definitely be recovered. Generally, the good sales days around Spring Festival have already recovered the main cost, so the small remaining amount afterwards does not create much pressure. After recovering the cost, because you know the product will not sell well later, there is no psychological burden in half selling and half giving it away.” (R7) This supports the threshold logic because financial recovery functions as a psychological release point that changes the decision frame from loss-minimisation to value-redistribution.

4.3.2 Supplier relations as pathway maker and blocker

The structural relationship between retailer and supplier was among the most consequential determinants of exit pathway availability. The default condition across the majority of the sample was a usual clean-sale arrangement: retailers purchased festival goods outright and were responsible for whatever was not sold. R1, R3, R4, and R5 all confirmed this arrangement, reporting that return or credit options were not available and were not expected. This arrangement is significant because it means that the upstream channel, returning goods to the supply chain, was not a live exit option for most

participants, regardless of how much residual stock they held. The consequence was that front-end ordering mattered more than any downstream strategy: nothing at the back-end could fully correct an over-order at the front.

R10's situation was structurally distinct. Operating under a consignment arrangement with a branded mooncake supplier:

“When Mid-Autumn Festival is approaching, roughly half a month to one month beforehand, the supplier contacts me and says their mooncakes have arrived, asking how many boxes I want to place in the store. For this type of product, we generally do not pay first and then take the goods; instead, the supplier places them in our store. After Mid-Autumn Festival, they come to the store to check how many boxes were sold and then settle the account.” (R10)

This account reveals a fundamentally different power and risk distribution from the standard clean-sale arrangement. Under consignment, the supplier retains ownership until the goods are sold, which means that unsold stock is not the retailer's financial loss. The exit decision problem is correspondingly simplified: R10 did not face the tension between financial recovery and stock clearance that defined the exit problem for other participants. Consignment changed the risk allocation in a way that financial recovery calculations or community values could not, it was a structural feature of the supplier relationship, not a decision the retailer made after the stock was already in hand.

R13 described a middle-ground arrangement in which exchange or credit with suppliers was occasionally possible. R13 noted that some suppliers were willing to accept exchanges, taking back unsold festival goods in exchange for credit toward future purchases, particularly where the supplier had a long-term relationship with the retailer and a stake in maintaining continued participation in the supply chain. Small independent retailers give suppliers market presence and geographic reach that would be difficult to replicate through other channels; a supplier who absorbed occasional residual inventory costs was purchasing continued access to a distributed retail footprint. Understanding

supplier flexibility as a strategic investment rather than a concession reframes the exchange arrangement as commercially rational for both parties.

R13 observed that access to supplier exchange had changed structurally over time: “In the past, small shops may have had to rely on their own judgement when purchasing goods, and if something did not sell, they had to bear it themselves. Now suppliers are also smarter; they hope small shops are willing to help them sell products, so many things can be exchanged.” (R13) This suggests that supplier-mediated exit is not a fixed structural option but one whose availability reflects evolving incentive structures in supplier–retailer relationships.

R14’s distributor return channel shows that formal return arrangements are not cost-free even when they exist. R14 was able to return unsold educational materials to the distributor, which resolved the immediate exit problem cleanly. However, retailers who made frequent use of the return channel were understood to face higher purchase prices in subsequent ordering cycles, as distributors adjusted terms to account for the effective risk they were absorbing. The return channel was therefore a deferred cost, rational to use when the immediate stock exposure was large, but one that imposed a long-run price on the retailer’s ability to order economically in future seasons. This finding suggests that the supplier relationship does not merely add a consideration to the exit decision but changes the structure of the problem by linking present clearance choices to future ordering costs.

4.3.3 Community, reputation and the limits of visible clearance

A recurring theme across the interviews was the management of visibility in clearance activity. Several retailers described a reluctance to engage in public or highly visible markdowns, not because discounting was financially unacceptable, but because it carried reputational risks experienced as socially costly. These reputational concerns operated through two mechanisms: customer inference about product quality and social inference about commercial desperation. Managing both required retailers to develop clearance approaches that moved stock without signalling distress or compromising the perceived quality of the goods being sold.

R3 articulated the quality-inference problem most directly in the context of food products. Customers who saw discounted post-festival food items were prone to interpreting the discount as evidence that the product had deteriorated, that it was being marked down precisely because it was no longer at peak quality. This inference was not always accurate, but its existence as a customer heuristic meant that visible discounting of food goods created a negative quality signal that could damage both the immediate transaction and the customer's longer-term perception of the shop. R4 managed the visibility problem through a preference for individual, private negotiation over public markdown. Rather than displaying reduced prices openly, R4 quietly offered better terms to known regular customers or those who expressed interest in remaining items, moving stock without broadcasting commercial distress to the wider market.

R6, the bakery owner, developed a more elaborate solution through a gamified clearance format:

“Using a game-like form makes it feel like giving back to customers. Customers feel you are giving them an opportunity, and they enjoy playing. We also clear the stock. Everyone feels more comfortable face-wise.” (R6)

The fill-your-own-bag format accomplishes clearance without discounting specific products individually, which avoids the quality-inference problem. More importantly, it reframes the transaction from a distress sale into a customer benefit, the customer experiences the format as receiving value rather than purchasing marked-down goods. The phrase “both sides keep face” confirms that the format is designed to move inventory and manage the social meaning of the transaction at the same time.

Donation and gifting were available but conditional on timing. R6 and R11 made the same point independently: goods should go to community recipients while they were still clearly acceptable, not as a last resort:

“If you give something to others, it also has to be good; you cannot give them things that no longer taste good or are almost no good. That would be wrong.” (R6)

This statement reveals that community donation is not simply a residual disposal mechanism but a communicative act whose social meaning depends on the timing and condition of the goods offered. Donation of high-quality goods signals generosity and community membership; donation of near-expired goods signals an attempt to offload disposal costs onto the community. R7 described a parallel logic in the context of post-break-even giving, where the shift to community distribution was experienced as a natural and positive social act rather than a commercial fallback. What appears across these cases is a reputational boundary around how inventory exits: retailers wanted to move stock, but not in ways that damaged trust or signalled poor quality. Clearance is also a communicative act.

The downstream criteria therefore shaped the form of exit, but only within the decision space left open by the two gates.

4.4 Front-end ordering as upstream risk control

A significant and cross-cutting finding of this research is that many of the retailers who appeared most effective at managing post-festival residual inventory had done so not by developing sophisticated exit strategies but by limiting the scope of the exit problem through conservative front-end ordering. Across multiple interview contexts, participants described procurement decisions, how much to order, which products to source, and from which suppliers, as the primary mechanism through which inventory risk was controlled. This upstream orientation reframes the residual inventory problem: rather than a challenge to be resolved through clearance, it is a risk to be pre-empted through sourcing.

Several participants described specific ordering practices that worked as risk-control mechanisms. R11's pre-order model was the most explicit: by taking customer orders before purchasing from suppliers, R11 eliminated demand uncertainty almost entirely, reducing the residual inventory problem to near zero. R2 described a fast-in, fast-out approach to fresh fruit sourcing, purchasing in small quantities with high turnover frequency, that managed inventory risk through cycle speed rather than quantity reduction. R14 described a deliberate policy of under-ordering educational materials relative to estimated demand, accepting the cost of occasional stockouts as preferable to the cost and complexity of managing large volumes of unsold end-of-term stock. The calculation was explicit: the loss from a missed sale was smaller and simpler to absorb than the loss from managing a significant post-term residual position.

R1's generic-packaging strategy and R15's low-cost product selection operated through different mechanisms but shared the same upstream risk-control orientation. R1's approach reduced the occasion-specificity of inventory, keeping the future-sales gate open across multiple festival contexts and thereby reducing the cost of any single festival's unsold stock. R15's approach reduced the unit value of exposure so that even complete non-recovery on a restocked quantity represented a financially negligible outcome. Both strategies were described not as responses to past residual inventory problems but as stable features of how the businesses were conceived and sourced, embedded in the business model rather than applied situationally after the fact.

Particularly revealing was the account provided by R5, who described an earlier period in the flower shop when she had ordered more aggressively and faced more severe post-festival residual positions. Reflecting on a 5.20 season in which she had overstocked, R5 described over-ordering cut flowers based on optimistic demand estimates, only to find that the rapid occasion-value decay left significant unsold stock that could not be redirected at acceptable prices. The experience of managing these early residual positions became the primary driver of her subsequent shift toward more conservative ordering. The experience of failure at the exit stage was converted, through reflection and adaptation, into a heuristic governing the entry stage. This learning arc is analytically significant: upstream risk control is not simply a different strategy from downstream clearance management. It is often what downstream clearance failure teaches retailers to do.

R5 described this shift explicitly: “I think I had already tried my best in the later handling: I discounted what could be discounted, made small bouquets where possible, and made some dried flowers. But overall, the problem was still the earlier judgement. I overestimated inquiries on Moments and Xiaohongshu and overestimated demand on 5.20. The real key was that I should not have taken so much stock in the first place.” (R5) This shows how downstream clearance failure becomes upstream ordering knowledge.

R14 described the ordering decision as a deliberate trade-off: under-ordering risked losing first-wave demand, while over-ordering left books effectively unsellable for the rest of the year. This shows that conservative ordering is not passive caution but an active risk-control heuristic.

These practices did not represent a failure to develop better back-end systems. They represent a decision to shift management upstream, and an accurate assessment that the expected cost of holding a unit of unsold festival inventory, given limited storage capacity, restricted access to return channels, and high reputational sensitivity to visible clearance, often exceeded the expected cost of a missed sale. Conservative ordering is, in this context, not a sign of risk aversion but of accurate risk assessment. What not to stock was as much an inventory decision as what to do with what was left over.

Front-end ordering shows that some retailers manage exit not by choosing a better pathway after the festival, but by reducing the volume and risk of stock that enters the post-festival decision process.

Table 4. Cross-case pattern of gates, pathways and dominant exit logics

Retailer	Product type	Gate 1: condition	Gate 2: future sales potential	Main pathway	Dominant logic	Key evidence
R1	Stationery/gifts	Pass	High if generic packaging	Storage/carry-forward	Gate-and-carry	Generic packaging keeps future occasions open
R2	Fruit	Fails quickly if delayed	Low once freshness declines	Quick sale/disposal	Gate-and-clear / prevention	Perishability narrows feasible options
R3	Snack gift boxes	Pass only within short window	Low if customer suspicion rises	Discount/private sale/gifting	Gate-and-clear / reputation-protective clearance	Discount can signal poor quality
R4	Spring Festival decorations	Pass	Mixed: generic high, zodiac low	Carry or clear depending on specificity	Gate-and-carry / gate-and-clear / threshold-and-release	Generic blessing characters stored; zodiac-specific unsaleable
R5	Flowers	Declines quickly	Collapses after 5.20	Markdown/redirect/dispose	Structural prevention (current); gate-and-clear / cascade fallback (earlier seasons)	Occasion-value collapses after festival
R6	Bakery	Strict freshness limit	Low once quality declines	Gamified clearance/donation/disposal	Transform-and-redirect	Clearance format protects face and quality signal
R7	General goods	Mostly pass	Mixed	Cheap sale/giving to regulars	Threshold-and-release	Post-break-even giving becomes acceptable
R8	Cultural goods	Mixed by item type	Mixed: use-value vs occasion-specific	Storage/selective clearance	Gate-and-carry / gate-and-clear	Some cultural goods retain use value;

						others become untimely
R9	Mall florist	Declines quickly	Low after festival	Conservative ordering + markdown	Structural prevention / gate-and-clear	Conservative ordering based on footfall, weather, and past experience; day-after markdown for remaining stock
R10	Mooncakes (consignment)	Supplier-dependent	Supplier-dependent	Supplier takes back unsold stock	Satisficing-by-delegation	Consignment arrangement transfers residual risk upstream
R11	Bakery	Hard fail after freshness window	Low after window	No next-day sale/disposal	Structural prevention / gate-and-clear	Freshness rule pre-empts case-by-case choice
R12	Tea	Pass / transforms with ageing	Migrates to aged-tea market	Reclassification/extended storage	Value migration / gate-and-carry	New tea becomes aged tea; gate reopens onto different market
R13	Seasonal gifts	Pass	Mixed	Supplier exchange/credit	Supplier-enabled exit	Long-term relationship opens exchange pathway
R14	Study aids	Pass	Timing-dependent need cycle	Return to distributor/under-ordering	Structural prevention / supplier-enabled exit	Need-timing governs demand; return available but costly
R15	Stationery and school-event goods	Pass	High, ordinary utility remains	Ordinary sale/storage without markdown	Gate-and-carry / structural prevention	Low-cost stationery/greeting cards; low unit cost reduces post-festival exit pressure; school-event timing governs

						demand
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4.5 Cross-case synthesis: downstream exit logics and upstream prevention

The findings reported in the preceding sections converge on a cross-case synthesis that identifies four downstream exit logics and one upstream prevention logic operating across the retailer sample. These logics are not mutually exclusive categories into which retailers are permanently sorted; rather, they describe coherent patterns of reasoning and action that different retailers apply across their festival inventory cycles. The first four logics describe how retailers choose among post-festival exit pathways once residual stock already exists. The fifth logic, structural prevention, is different: it operates before the post-festival moment, through ordering, product selection and supplier arrangements that reduce the scale of the exit problem before it arises. Together, these logics constitute the practical repertoire through which small independent retailers manage the post-festival inventory problem.

Labels such as supplier-enabled exit, value migration and satisficing-by-delegation in Table 4 indicate important case-specific mechanisms, but they are interpreted here as variations within the broader downstream or upstream logics rather than as additional cross-case logics.

The first logic is gate-and-carry. Condition passes and future sales potential is high, either because the product is genuinely durable and occasion-generic, or because a future demand window is visible and reachable within the product's physical lifespan. The product is held and sold later with no particular urgency. R1 and R4 (for generic blessing characters) exemplify this logic. Gate-and-carry is viable only for products with stable physical condition and occasion-flexible or long-horizon commercial value, and it is most common among retailers who have deliberately sourced non-perishable, multi-occasion products as an upstream risk-control measure.

The second logic is gate-and-clear. The condition gate is passed but the future-sales gate is not, or is judged likely to close before the product can be profitably carried forward. Having established that future retention is not viable, the retailer moves to immediate

clearance through whatever downstream pathway is available and reputation-compatible. R5's account of an earlier 5.20 season, before shifting to conservative front-end ordering as the primary strategy, exemplifies this logic for cut flowers, and R4 applied it for year-specific zodiac items. Gate-and-clear does not specify which clearance pathway is used; it is defined by the judgement that immediate action is preferable to waiting. The cascade fallback sequence, first attempting to redirect stock to lower-value outlets, then accepting cost recovery at whatever price the market would bear, then giving away or discarding what remains, shows how gate-and-clear operates in practice when the clearance pathway itself is not predetermined.

The third logic is transform-and-redirect. This applies in cases where the product can be repositioned, through repackaging, reframing, or community redistribution, to reach a different buyer or context than the original festival market. R6's gamified clearance format exemplifies this logic: the fill-your-own-bag format moves stock more cheaply, and also transforms the commercial meaning of the transaction from a discount sale into a customer experience. R6's donation practice, timed while goods are still genuinely good, is another form of redirect: the product moves from the commercial to the social economy, and its value is realised as community goodwill rather than financial recovery. Transform-and-redirect is particularly suited to retailers with strong community relationships and the social imagination to make redistribution meaningful rather than merely functional.

The fourth logic is threshold-and-release. Retailers track their aggregate recovery against a break-even benchmark and shift from commercial clearance to liberal distribution once that threshold is crossed. R4 and R7 are the clearest examples of this logic. The threshold-and-release pattern is analytically important because it shows that the financial logic governing clearance is not continuous but threshold-structured. The decision to release goods at nominal prices or give them away is triggered by a discrete event, crossing break-even, rather than by marginal calculation. Once financial recovery is secured, the social logic of generosity becomes the dominant frame, and the transition from commercial to community distribution is experienced as natural rather than reluctant.

The fifth logic is structural prevention: managing the exit problem before it arises through conservative ordering, product selection, and supply-relationship design. Unlike the previous four logics, structural prevention is not a downstream exit pathway. It does not determine whether stock should be discounted, stored, donated, transformed, returned or disposed of after the festival. Instead, it operates at the procurement stage to reduce the likelihood and scale of residual stock before any post-festival exit decision is required. R11, R2, R14, R15, and, after her early learning arc, R5 all show elements of this logic. Experienced retailers often combine structural prevention with one of the downstream logics, using conservative ordering to reduce residual exposure while maintaining a preferred clearance approach for the stock that does remain unsold.

Mapping which retailers tend toward which logic reveals patterns that are not arbitrary. Perishable-goods sellers, R2, R3, R9, R11, gravitate toward gate-and-clear or structural prevention, because the condition gate forecloses carrying and the future-sales gate closes rapidly. Durable and occasion-generic sellers, R1, R15, gravitate toward gate-and-carry, because both gates can be passed comfortably and the cost of holding is low. Retailers with strong community ties, R6, R7, favour transform-and-redirect and threshold-and-release. R5, R3, and R14, drawing on experience of earlier seasons when residual positions were more severe, have moved toward structural prevention as the primary logic, with downstream clearance as a residual rather than primary strategy. R4 and R8 applied product-specific sorting within their assortments: generic or everyday-use items were carried forward while occasion-specific items were cleared immediately. R10 and R13 reduced exit risk through supply-chain relationships that enabled consignment or exchange, effectively relocating residual risk upstream. R12 stands somewhat apart, because the tea migration trajectory means that holding is neither a simple gate-and-carry decision nor a clearance problem but a long-run repositioning strategy, though it shares the patience and product-knowledge orientation of gate-and-carry.

Together, the four downstream exit logics and the upstream prevention logic answer the first research question at the empirical level. Small retailers evaluate alternative exit pathways by narrowing the feasible choice set through product, temporal, financial and relational considerations. They do not compare all pathways as equivalent alternatives.

They first determine what kind of residual product they are dealing with, what risk it carries, what future it has, what constraints surround it, and which options remain workable given that situation. Structural prevention extends this answer by showing that experienced retailers do not only respond to residual stock after it appears; they also redesign ordering and sourcing practices to reduce the need for exit decisions in the first place. This synthesis also addresses the second research question by showing that the criteria do not simply vary in importance; they take different positions in the decision process, as gates, thresholds, enablers, constraints or upstream prevention mechanisms.

5. Discussion

This chapter discusses the findings in relation to the research questions and the theoretical framework. Chapter 4 showed what small retailers do with post-festival residual inventory: they narrow a feasible set through two gates, then choose from what remains. This chapter asks why the pattern takes this form, what it adds to existing theory, and what it means for practice.

5.1 From parallel criteria to sequential gates

The central analytical development of this study is the movement from a parallel theoretical framework to a sequential empirical model. Chapter 2 developed an adapted multi-criteria disposition framework for the post-festival small-retailer context. Building on Hazen et al. (2012), the framework identified five sensitising criteria: product condition and storability, future sales potential, financial recovery, supplier and relational obligations, and community or waste-related values. At that stage, these criteria were presented as parallel inputs into the exit decision, with no ordering specified. This was useful for identifying what kinds of considerations might shape retailers' choices among storage, markdown, supplier return, donation, transformation or disposal. Figure 2 shows this framework as adapted in Chapter 2.

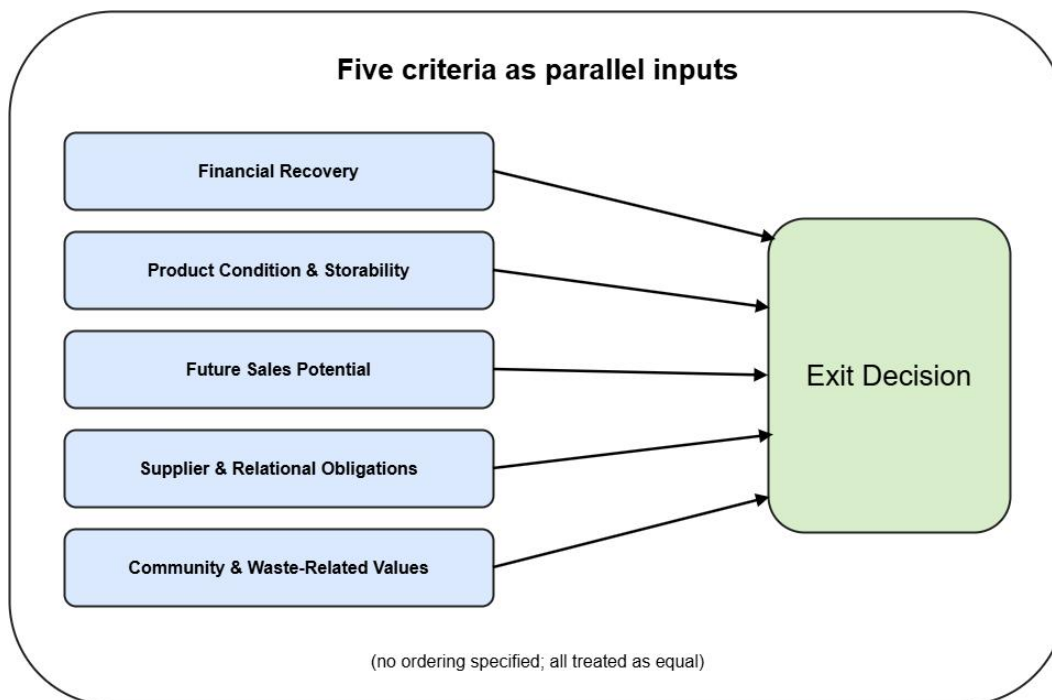


Figure 2. The adapted multi-criteria disposition framework for post-festival inventory exit decisions. Five criteria are presented as parallel inputs with no ordering specified. Developed by the authors based on Hazen, Hall and Hanna (2012).

However, while the parallel framework helped organise the relevant criteria, it did not yet explain how retailers moved through these considerations in practice. Presenting the

criteria as parallel inputs leaves open the question of whether retailers apply them simultaneously, sequentially, or selectively under different constraints. This question is particularly important in the small-retailer context, where decisions are often made under limited time, incomplete information, restricted storage space and direct financial pressure. From a bounded rationality perspective, the issue is therefore not only which criteria matter, but how retailers simplify and order the decision when they cannot evaluate all possible pathways in a fully systematic way.

We found empirical support for all five sensitising criteria, although their salience varied across cases. However, they did not operate as a checklist of equal inputs. Retailers appeared to work through a more sequential process. Product condition and storability came first in perishable or damage-sensitive cases. If the product had expired, deteriorated or become unsuitable for sale or gifting, the decision space narrowed sharply and other criteria became less relevant. Where products remained physically usable or storable, future sales potential became the next decisive consideration. If retailers believed that the product could still sell in a future occasion, storage or carry-forward became possible. If future sales potential was low, they moved toward markdown, transformation, gifting, return or disposal.

Financial recovery, supplier relations and community or waste-related values then operated within the decision space left open by these first two checks. Financial recovery functioned less as an abstract profit-maximisation criterion and more as a practical threshold: once costs had been recovered, retailers became more flexible about discounts, gifting or loss absorption. Supplier relations could open or close particular pathways, especially return, exchange or consignment arrangements. Community and waste-related values shaped whether visible markdowns, gifting, donation or disposal were considered acceptable. Figure 3 shows this sequential structure as it emerged from the empirical analysis.

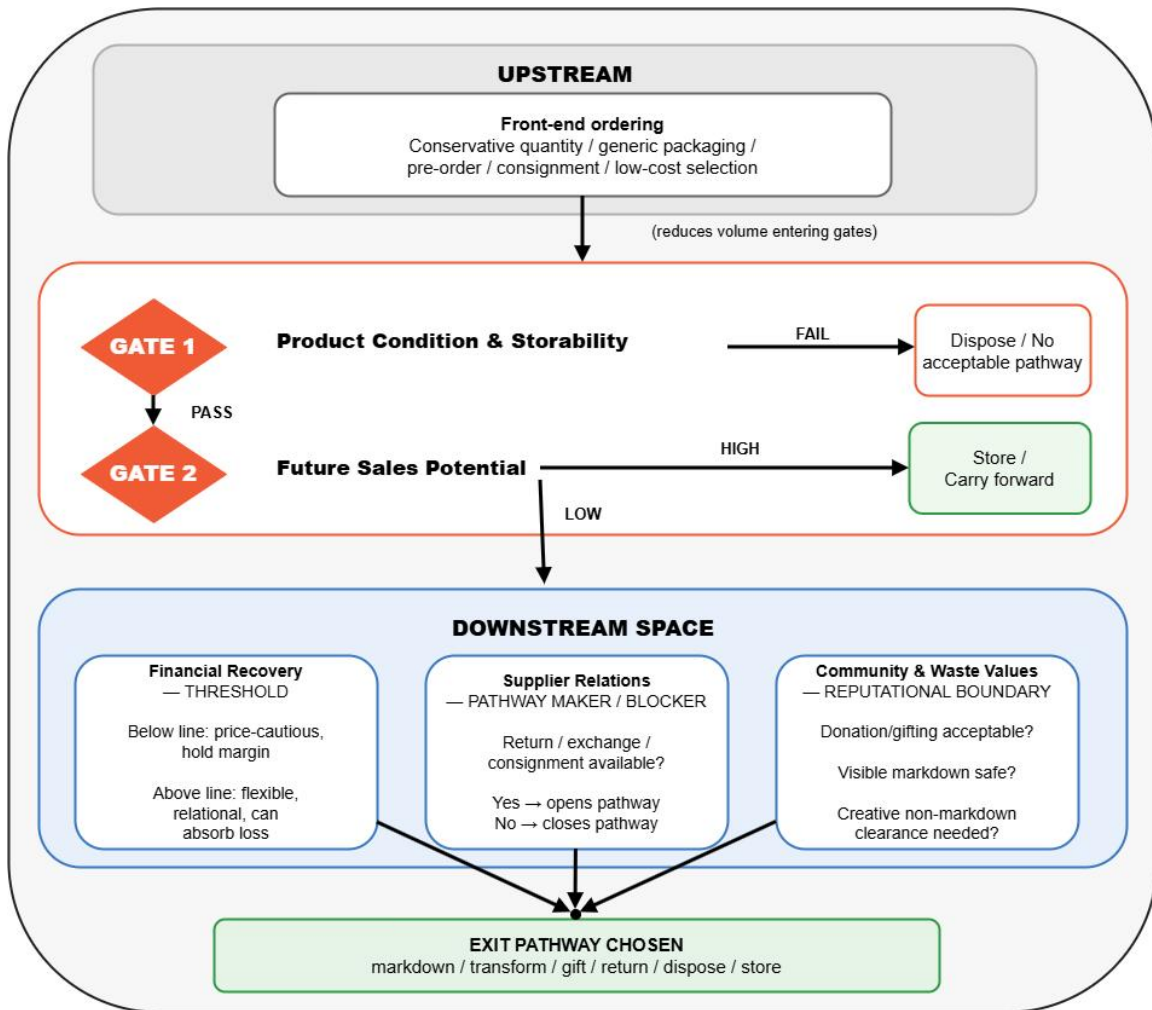


Figure 3. Sequential gate model emerging from empirical analysis of 15 cases. Product condition and storability, and future sales potential function as primary gates that narrow the feasible decision space, while financial recovery, supplier relations and community or waste-related values shape the downstream exit pathway.

The key modification is therefore architectural rather than categorical. The empirical analysis does not reject the five criteria identified in Chapter 2. Instead, it refines the framework by showing that the criteria became ordered in practice. Product condition and storability, and future sales potential functioned as primary feasibility checks, while financial recovery, supplier relations and community or waste-related values shaped the downstream exit pathway. In this sense, the sequential gate model adds a process dimension to the adapted multi-criteria framework.

This processual refinement also clarifies the role of front-end ordering. Conservative ordering, generic packaging, pre-ordering, consignment and low-cost selection do not belong to the exit pathway itself. They operate upstream, before the post-festival disposal problem fully appears. These practices reduce the volume or risk of stock that later needs to pass through the gates. Front-end ordering is therefore better understood as an upstream risk-control mechanism rather than as one of the downstream exit pathways. This also explains why structural prevention should not be treated as a fifth downstream exit pathway. It belongs upstream in the decision process because it reduces the amount and risk of stock entering the post-festival gates, rather than selecting a pathway for stock that has already become residual.

One limitation of the gate model should be acknowledged. The sequence identified here was reconstructed from the accounts of small independent retailers operating in Chinese festival-goods contexts. The study therefore does not claim that the same sequence applies to all retail cultures, product categories or seasonal calendars. Future research could examine whether similar sequential patterns appear in other retail settings, or whether different product and institutional contexts produce different forms of ordering among disposition criteria.

5.2 Bounded rationality as adaptive decision rules

Chapter 2 introduced bounded rationality before the disposition framework because it explains how small retailers make decisions under limited information and limited capacity. Simon (1955) showed that decision-makers do not optimise; they satisfice. More recently, Morales Burgos, Kittler and Walsh (2020) extend this logic to small business decision-making by showing how owner-managers rely on simplified financial benchmarks under conditions of incomplete information. Here, “heuristics” refers to practical decision rules that retailers use to simplify decisions under uncertainty. Our findings show a similar pattern in post-festival residual stock decisions. Bounded rationality did not appear as a lack of reasoning. It appeared as practical reasoning translated into workable decision rules.

5.2.1 Break-even threshold satisficing

The most widely observed heuristic was the use of a break-even point as a decision threshold. Retailers did not calculate optimal margin per unit. They tracked a break-even line and changed their behaviour once it was crossed. R4 described it as a line after which everything shifted, from tight to loose. R7 described it as the point at which half-giving felt fine. R9 evaluated the festival period as a whole rather than by item, accepting that some flowers would be discounted or wasted as part of the cost of being ready for peak demand.

The reason this threshold achieves such salience is not arbitrary. Break-even converts a continuous financial calculation into a binary state: the retailer is either in loss or out of loss, and crossing the line represents a qualitative shift in the acceptability of the decision. This is precisely the structure Simon (1955) identified in satisficing, where the decision-maker replaces a continuous optimisation problem with a binary test against a threshold. Morales Burgos et al. (2020) observe a related pattern in small business capital budgeting, where owner-managers routinely work with simplified financial benchmarks under conditions of incomplete information. The break-even threshold in festival-goods retail performs the same cognitive function: it reduces an intractably complex calculation to a question that can be answered with the information the retailer actually has.

5.2.2 Cascade fallback

R5 showed the clearest example of cascade fallback: a sequence of steps, festival price, markdown, reframe as home-use flower, dried flower or prop, give to friends, discard, carried out one at a time, without a plan drawn up in advance. Each step was tried and assessed before the next was considered. The retailer did not design the sequence. It emerged as each option ran out.

This pattern connects to sequential search theory within the broader bounded rationality literature. Cascade fallback is satisficing applied not to a single price point but to a disposition sequence: each step is good enough if it resolves the residual inventory problem, and the retailer escalates to the next step only when it does not. The cascade is not a pre-planned strategy; it is a reactive sequence of local satisficing decisions, each contingent on the failure of its predecessor. This is a structurally different decision process from the parallel evaluation of alternatives that normative models describe, and it explains why retailers in this study often could not articulate a comprehensive plan for residual stock. They had not, in fact, formed one.

5.2.3 Satisficing-by-delegation

R10 did not decide how many mooncake boxes to order; the supplier did. Consignment removed the most uncertain input from the retailer's calculation. R14 returned unsold study aids to the distributor, shifting part of the residual risk back to the supply chain, though at the cost of higher purchase prices the following year. Delegation reduces the complexity of the decision by routing it to a party with greater relevant knowledge, bounded rationality resolved through relationship rather than through calculation.

5.2.4 Conservative front-end ordering

The fourth form is conservative front-end ordering, and it was the most widely shared across all fifteen cases. Rather than developing better exit systems, most retailers responded to bounded information by ordering less. R3, R5 and R14 all described this as learned behaviour: earlier over-orders had taught them to accept a lower ceiling on sales to avoid a costly floor on disposal. These heuristics were not evidence of poor judgement. They were constraint-sensitive adaptations to the specific pressures of festival-goods

selling, consistent with what Morales Burgos, Kittler and Walsh (2020) and Benoit, Kienzler and Kowalkowski (2020) find more broadly: in small businesses and independent retail, bounded information and limited capacity produce practical reasoning built around contextual conditions, not shortfalls from formal optimisation.

The four forms are not equally distributed across the sample. Conservative front-end ordering appeared, in different forms, across the sample. Satisficing-by-delegation appeared in only two. This variation is itself consistent with bounded rationality: retailers adopted the heuristic form that their specific supply-chain position and relationship structure made available. The heuristic repertoire of the individual retailer is constrained by the social and commercial infrastructure in which they operate, not only by individual cognitive capacity.

5.3 Findings beyond the original framework

Three patterns in the data extend what the adapted framework and bounded rationality literature can explain on their own.

5.3.1 Occasion-value decay

The adapted framework includes future sales potential, but that criterion as originally defined concerns whether a product can be resold, a question of demand and storability. The findings identify a more specific mechanism: occasion-value decay. A product may remain physically usable, but lose commercial relevance because the social occasion that made it desirable has passed. This was visible across mooncakes after Mid-Autumn Festival, roses after 5.20, Christmas cards after Christmas, zodiac decorations after Spring Festival and academic planners after the first week of term.

The clearance literature has long recognised that time is a binding constraint on residual value recovery. Pashigian and Bowen (1991) and Bitran, Caldentey and Mondschein (1998) both treat time as a binding constraint on markdown effectiveness for fashion and seasonal goods. Both locate the problem in time: value falls because the clock is running. The present findings specify a social mechanism that the temporal account leaves unexplained. The reason selling time runs out for festival goods is not simply that the calendar is moving forward; it is that the social occasion that organised demand has ended. Markdown alone cannot fully restore the occasionality that has passed, which is why post-festival markdowns often fail to clear deeply occasion-specific stock even when price is reduced to near-zero. This contributes by specifying a mechanism through which future sales potential collapses independently of physical condition.

Mapping occasion-value decay onto the three trajectories from Chapter 4, collapse, migration and persistence, clarifies what determines which trajectory a product follows. Collapse occurs when festival-period value is fully constituted by the occasion: mooncakes, zodiac decorations and Christmas cards carry meaning that evaporates when the festival ends. Migration occurs when the product's underlying utility persists even as its occasion-value falls: flowers can be repositioned as home decoration; tea can transition from new-harvest to aged classification. Persistence occurs when the product

was never primarily occasion-specific: generic stationery, durable dormitory goods and commodity items retain demand outside the occasion. This framework thus explains not only why post-festival disposition is difficult in general but why it is differentially difficult across product types.

5.3.2 Front-end ordering as upstream risk control

Much of the disposition literature focuses on decisions made once stock is already available for routing, recovery or disposal. The findings show that small retailers often manage disposition risk before the festival, through conservative ordering, generic packaging, pre-order models, consignment and deliberate avoidance of high-cost or festival-specific goods. This is an upstream risk-control mechanism, not an additional exit criterion. It operates before the gates in Figure 3, changing how much stock has to pass through them. Several retailers, R1, R3, R9, R14, R15, described their most important inventory decisions as choices made weeks before the festival peak, not responses to what was left afterward.

Blackburn et al. (2004) show that delayed disposition compounds value erosion: the longer a retailer waits to act on residual stock, the smaller the recoverable value becomes. The retailers in this study have found a structurally different response to the same underlying problem. Rather than acting earlier on the stock they have, they reduce the volume of stock that requires action at all. This is not a rejection of the Blackburn et al. logic but a displacement of it: the problem of value erosion under delayed action is avoided not by acting faster but by having less to act on. The theoretical implication is that disposition frameworks need a two-stage architecture, an upstream ordering stage and a downstream exit stage, to capture the full range of strategies available to small retailers.

5.3.3 Reputation-protective clearance

The findings also show that clearance is not always a visible price reduction. Some retailers moved stock through private one-to-one negotiation, gamified clearance activities, community events, repackaging or product transformation, specifically to avoid the signal that a markdown sign sends. A deep public discount communicates that the

product is unwanted or near expiry, and for a food shop or a store with a quality identity, that signal can spread beyond the item being discounted.

Nguyen et al. (2023) show that the method of overstock disposal affects consumer brand evaluations: destructive disposal damages brand perceptions, while methods that extend product life or recirculate goods are evaluated more favourably. Their study operates at the brand level. The present findings extend this logic to small independent retailers who operate without formal brand management infrastructure. The mechanism Nguyen et al. identify at the brand level operates here at the local relationship level: the form of exit chosen sends a signal about the retailer's quality standards, regard for customers and relationship to the community. Gamified clearance signals abundance rather than desperation; repackaging signals creativity and continued attention to presentation; private negotiation signals relationship priority and trust.

The theoretical implication is that clearance decisions are communicative acts as well as financial ones. A retailer choosing among exit options is not only solving an inventory problem; they are making a statement, however implicit, about who they are as a trader and what they owe to their customers. This dimension is particularly acute in small independent retail because the retailer is personally visible in their community in a way that chain retail is not. Reputation-protective clearance is therefore not a peripheral quirk of small-retailer behaviour; it is a theoretically significant response to the communicative dimension of exit decisions that standard models, focused on price and quantity, do not account for.

5.4 Scope and theoretical contributions

The model developed in this thesis should not be read as a universal theory of residual inventory management. Its contribution is more specific: it offers an empirically grounded process model of how small independent retailers manage occasion-bound residual stock under limited formal systems, constrained storage capacity, supplier dependence and community visibility. The model may be useful for thinking about other forms of seasonal or occasion-bound inventory, but its wider relevance should be examined through future research in other product categories, retail formats and cultural settings.

The first contribution is a processual refinement of multi-criteria disposition thinking in the context of small independent retail. Prior disposition frameworks identify multiple criteria that may shape disposition decisions, and Chapter 2 adapted this logic for the post-festival inventory context. However, the empirical findings suggest that these criteria did not appear as equally weighted or simultaneously applied inputs in retailers' accounts. Product condition and storability, and future sales potential functioned as primary feasibility checks that narrowed the decision space before other criteria became practically relevant. Financial recovery operated as a satisficing threshold, while supplier relations and community or waste-related values shaped the downstream pathways that remained available and acceptable. The theoretical significance is therefore architectural rather than categorical: the study does not reject the adapted multi-criteria framework, but adds a process dimension by showing how criteria became ordered in practice.

This processual argument also connects with Pourhejazy, Sarkis and Zhu's (2020) work on the sequential effects of product deletion criteria. However, while their study develops a formal decision-support approach in an organisational context, the present thesis examines how sequencing appears in the informal, situated reasoning of small independent retailers. The contribution is therefore not the claim that sequence has never been considered, but the empirical specification of how sequencing operates as gates, thresholds and contextual constraints in post-festival residual inventory decisions.

The second contribution is the concept of occasion-value decay as a mechanism of festival-bound residual stock. Prior clearance literature explains markdown pressure through time, uncertainty and declining demand. This study adds that, for festival-bound goods, value may decline not only because time passes, but because the social occasion that gives the product commercial meaning has ended. In the retailers' accounts, occasion-specific products such as festival decorations, zodiac items, flowers or gift packages often lost future sales potential even when their physical condition remained acceptable. This helps explain why some products became difficult to carry forward despite being undamaged. Clearance strategy for occasion-specific goods therefore involves more than asking what price will induce purchase. It also involves asking whether the product can be connected to another meaningful occasion, customer use or social context.

The third contribution is an empirical specification of adaptive bounded rationality in small-retailer inventory decisions. Simon's notion of satisficing is useful for understanding why small retailers do not optimise across all possible exit pathways. This study extends that logic by showing several practical forms through which bounded rationality appeared in the data: break-even threshold satisficing, cascade fallback, satisficing-by-delegation and conservative front-end ordering. These patterns show how retailers simplified complex decisions under time pressure, limited information, uncertain demand and constrained resources. The contribution is not to claim that these heuristics apply to all small retailers, but to show how bounded rationality became visible in this particular setting of Chinese festival-goods retail.

Taken together, these contributions position the thesis as a context-sensitive extension of existing inventory disposition, clearance and small-retailer decision-making literature. The study contributes by linking what retailers decide, which exit pathways remain feasible, with how they decide, through gates, thresholds, fallback sequences and prevention-oriented heuristics.

5.5 Practical implications

The findings also suggest several practical implications for small independent retailers managing festival-bound inventory. These implications should be read as practice-oriented reflections derived from the empirical patterns, rather than as universal prescriptions for all small retailers.

Before ordering, retailers can classify festival goods by condition risk, future sales window, packaging specificity, supplier return option and unit cost. A rough classification along these lines helps identify which goods require conservative ordering and which can be stored or carried into the next season without much concern.

Generic or multi-occasion packaging reduces post-festival risk at source. R1 chose artificial flowers and gift products without festival-specific wording so the same stock could move across Teachers' Day, Women's Day and Mother's Day. R4 described zodiac-specific items as effectively a twelve-year resale horizon, not worth the risk. Where supplier return is unavailable, goods that fix themselves to a single occasion through packaging carry a cost that shows up only after the festival.

Non-markdown clearance channels are worth planning before the festival ends, not improvising after. Dismantling gift boxes into loose smaller packs, bundling remaining flowers into home-use bunches, using goods in community or school events, offering gamified clearance activities, and preparing donation channels while quality is still clearly acceptable, these work better when arranged in advance. Once a product looks distressed, the options narrow quickly.

Supplier terms are worth treating as part of inventory risk management rather than as a fixed background condition. Return, exchange, consignment and date-swap arrangements can reduce residual risk, but retailers should account for hidden future costs. R14 found that high return volumes pushed next year's purchase price up. Negotiating clear terms before the selling period gives more room than negotiating under pressure once the festival is over.

Donation and gifting should be timed while the product is still clearly good, not used as a last resort after everything else has failed. R6 and R11 both made this point. For food

products especially, a gift that reaches the recipient in poor condition reflects back on the shop. Waste avoidance and reputation protection are different goals, and they sometimes require different actions. The practical guidance here is closely connected to the communicative dimension of clearance identified in Section 5.3: how stock exits matters as much as that it exits.

Finally, under-ordering can be rational. Several retailers preferred a lower ceiling on sales to avoid the cost of residual inventory that was hard to move. For goods with rapid occasion-value decay, no return channel, high unit cost or strong reputation sensitivity, missing a few sales is often a smaller problem than holding unsellable stock. The gate model suggests that the most effective inventory management happens before the gates are reached, not after.

6. Conclusion

This thesis examined how small independent retailers evaluate and choose among exit pathways for post-festival residual inventory. Based on fifteen qualitative interviews, it shows that these decisions are not made through formal optimisation or open comparison of all available pathways. Retailers narrow the feasible set through sequential gates, thresholds and relational constraints, and they often begin managing the problem upstream, before the festival has ended.

6.1 Conclusion and answers to the research questions

This thesis moved from a parallel multi-criteria framework in Chapter 2, through empirical coding of fifteen retailer accounts in Chapters 3–4, to a sequential gate model that refines and extends that framework. The two research questions are answered in turn below. The first research question asked how small independent retailers evaluate alternative exit pathways for post-festival residual inventory. The answer is that they evaluate pathways by narrowing what is feasible. The exit pathways described across the fifteen cases include markdown, storage, product transformation, gifting, supplier return or exchange, internal consumption and disposal. These pathways are not considered as equal alternatives. Product type, physical condition, future sales potential and supplier arrangements determine which pathways remain open at all. Within that narrowed set, financial recovery, community values and reputation concerns shape the final choice.

The second research question asked what criteria retailers prioritise and how those criteria interact. Product condition and future sales potential work as the first two gates: if a product fails either, the remaining criteria become largely irrelevant. Financial recovery works as a break-even threshold rather than a margin calculation, and once costs are covered, the retailer's attitude toward the remaining stock changes in ways that go beyond accounting. Supplier relations enable or block specific pathways such as return, exchange, consignment and date-swap. Community and waste-related values encourage responsible clearance, but only where quality and timing allow it. Front-end ordering operates upstream by reducing the scale and difficulty of residual inventory before it

appears. It belongs in any account of how retailers manage this problem, but before the gates, not alongside them.

The two research questions, while analytically distinct, are not independent. RQ1 concerns the structure of the decision, how retailers evaluate pathways. RQ2 concerns the criteria governing that evaluation, what they prioritise and how those criteria interact. The sequential gate model is precisely the answer to both simultaneously: it describes a decision structure, sequential filtering, and identifies the criteria that produce that structure, condition as Gate 1, future sales potential as Gate 2, financial recovery as threshold, supplier and community values as downstream constraints. The model answers RQ1 by showing that retailers do not evaluate pathways in parallel; it answers RQ2 by showing that two criteria function as gates rather than considerations. Neither answer makes sense without the other.

The central contribution of this thesis is a sequential gate model of small-retailer disposition decision-making. The model extends the adapted multi-criteria framework by showing that criteria interact processually rather than as equal checklist items: two work as gates, one as a threshold, and two as contextual enablers and constraints. Bounded rationality explains why retailers rely on this kind of sequential structure rather than open comparison. Sequential rules reduce cognitive and informational load under time pressure and incomplete data.

6.2 Limitations and future research

The study has five main limitations. First, it is based on fifteen qualitative interviews conducted mainly in one regional Chinese retail context. The findings are analytically useful but not statistically generalisable. Some participants were accessed through personal contacts or referral, which may have made the sample more reachable but also less diverse than the wider population of small independent retailers. Different institutional environments, supplier systems, consumer cultures and festival calendars may produce different exit practices and different weightings among the criteria. The sequential gate structure identified here may or may not hold outside the Chinese festival retail context.

Second, the data rely on self-reported accounts. Retailers may simplify decisions in retrospect, present their behaviour in a more responsible light than the actual record would show, or leave out commercially sensitive details. The interviews asked for specific examples rather than abstract principles, but our analysis depends on narrated experience rather than direct observation of decisions as they happened.

Third, the interviews were conducted in Mandarin Chinese and later translated into English for thesis writing. Although care was taken to preserve participants' intended meanings, translation is not a neutral technical step. Some expressions related to loss, waste, supplier relationships, reputation and community obligation may carry meanings that are difficult to reproduce fully in English. For this reason, translated quotations were treated as interpreted representations of participants' accounts rather than as perfectly equivalent linguistic copies.

Fourth, the sample covers several product categories, but each is represented by only a small number of cases. Category-level variation may be substantial in ways the data cannot fully capture. Fifth, the study captures only the retailer perspective. Suppliers, customers, employees and community partners appear through retailer accounts, not directly. How these actors experience and shape exit decisions is not visible here.

Future research could extend this study in several directions. Category-specific studies of florists, bakeries or festival gift retailers would allow within-sector comparison and deeper examination of how condition trajectories and occasion-value decay operate across similar products. Such studies would also allow a richer account of the learning arc described in this thesis, how retailers who have experienced over-ordering failure adapt their front-end ordering heuristics over subsequent festival cycles. Supplier-side research could examine how return policies, consignment terms and exchange arrangements are designed and negotiated, and how suppliers themselves manage the residual risk that no-return arrangements place on small retailers, a perspective entirely absent from the present study but likely to be analytically productive. Customer perception research could examine how consumers interpret markdown signs, gamified clearance activities and donation practices in small independent retail settings, building on Nguyen et al.'s (2023) work on brand evaluations in a context where the "brand" is

embodied by the shopkeeper personally. A longitudinal or observational design would also help address the limits of retrospective interview accounts by following retailers before, during and after a festival selling period. Such a design could show how retailers learn from a bad over-order, how supplier relationships shift after high return volumes, and how packaging and ordering choices evolve as experience accumulates across years.

Post-festival residual inventory is not merely leftover stock. For small independent retailers, it becomes a moment of situated reasoning in which product condition, timing, money, supplier arrangements and customer relationships come together. The central finding of this thesis is that these retailers do not simply dispose of what remains. They work through what the stock can still become, what it can no longer be, and what kind of decision is good enough under the circumstances.

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Appendix A: Interview Information Sheet

Research Title	Inventory Exit Decisions for Post-Festival Residual Stock: A Qualitative Study of Small Independent Retailers
Researchers	Yitian Ling & Jinghui He
Programme	SMMP40, Master's Thesis, 30 credits
Institution	Department of Service Management and Service Studies, Lund University
Supervisor	Cecilia Fredriksson
Interview Format	Semi-structured, approximately 30–45 minutes
Language	Chinese (Mandarin)
Recording	Audio-recorded with participant consent; transcribed for analysis

Purpose of the Study

This study looks at how small shop owners decide what to do with unsold goods after a festival or seasonal event — for example, whether to discount, hold, donate or dispose of remaining stock. We want to understand your real experience and reasoning, not evaluate your decisions.

Participation and Confidentiality

Participation is voluntary. You may stop at any time. Your name and shop will be anonymised in the thesis. Recordings are deleted after the study is complete.

Contact

Yitian Ling: li4002yi-s@student.lu.se | Jinghui He: jinghui0823@gmail.com

Appendix B: Consent Form

By signing below, I confirm that:

- I have read the Interview Information Sheet and understand the study purpose.
- My participation is voluntary and I may withdraw at any time.
- I agree to the interview being audio-recorded for transcription.
- I understand my identity will be anonymised in the thesis.
- I consent to participate in this research interview.

Participant Name: _____

Participant Signature: _____

Researcher Name: _____

Researcher Signature: _____

Appendix C: Interview Guide

Semi-Structured Interview — Small Independent Retailers

Before the interview: *Greet and thank the participant. Explain in plain language that you are studying what shop owners do with leftover festival stock. Confirm consent and recording. Keep the tone casual and conversational.*

Part 1: Quick Background (approx. 5 min)

Purpose: Understand the participant's business and festival involvement.

Q1: Can you tell me a bit about your shop and what you sell?

Follow-up: Which festivals or seasons bring you the most customers?

Part 2: What Happens After the Festival (approx. 15 min)

Purpose: Core section. Ask for a specific past experience — not general habits. Listen for what triggered each decision and when the retailer felt “done.”

Q2: Think of a time when the festival ended and you still had unsold goods. What did you do with them?

Follow-ups: Walk me through it step by step. What did you deal with first?

Q3: Why did you choose that approach? Did you think about doing something different?

Follow-ups: What made you rule out other options? When did you feel the problem was sorted?

Q4: Did you try to discount the remaining items? What happened?

Follow-ups: Did customers buy them at a lower price? Or is the issue more than just price?

Q5: Could you return the unsold goods to your supplier? Why or why not?

Follow-ups: Does your supplier allow returns? Have you ever tried?

Q6: What happened to the goods that could not be sold or returned — were they stored,

donated, thrown away, or something else?

Follow-up: How did you feel about that outcome?

Part 3: What Mattered Most (approx. 10 min)

Purpose: Briefly probe any criteria not raised spontaneously. Only ask what has not already come up naturally. Keep questions short and conversational.

Q7: [Money] How much did getting money back matter in that decision?

Follow-up: Was there a minimum you needed to recover?

Q8: [Space] Did the stock taking up space push you to decide quickly?

Follow-up: Is storage usually a problem for you?

Q9: [Next season] Did you think about whether the goods might sell later or at another event?

Follow-up: Are there items you always keep for next year?

Q10: [Customers / community] Did you think about what your regulars or neighbours might think of how you handled it?

Follow-up: Was there anything that felt wrong to do, even if it made financial sense?

Part 4: Closing (approx. 3 min)

Q11: Is there anything else about how you deal with leftover festival stock that you think is worth sharing?

After the interview: *Thank the participant warmly. Ask if they know other shop owners in a similar situation who might be willing to chat (snowball sampling).*

Interviewer Notes

- Keep the conversation natural and informal — these are busy shop owners, not academics. Avoid jargon entirely.
- The labels in brackets (e.g., [Money], [Space]) are for your reference only. Do not read them aloud.
- Only ask Part 3 questions that have NOT already come up in Part 2. Skip anything already covered.
- Use silence. Pause 3–5 seconds after each answer — people often add important details if you wait.
- Note which topics come up first without prompting. This tells you what matters most to that particular retailer.
- Conduct the interview in Chinese (Mandarin). This guide is in English for thesis documentation purposes only.