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WITH FANS EQUIPPED with air purifiers, voice-controlled ACs, and air coolers that can repel mosquitoes — manufacturers are counting down to the summer months to recover the losses incurred last year. In the first half of FY21, the AC industry is estimated to have shrunk by almost 60%; the overall decline is expected to be around 15% in FY21, as per industry estimates. Several companies were able to leverage pent-up demand during the festive season last year to drive sales.

In Q1 FY22, manufacturers are hoping the industry will rebound and return to 2019 levels. The summer months bring in about 40-50% of annual air conditioner and fan sales, while almost 80% of air coolers are bought during this period. To ensure a fruitful April-June quarter, manufacturers are going all guns blazing.

Industry experts peg the growth of the ₹12,500 crore AC market at 10.5% for the next three-years. The organised fan market (one-third of the overall market) is expected to grow at a CAGR of 15%.

New and improved

Voltas's new air coolers have an eco-cool mode, WiFi connectivity, smart humidity controller, and can repel mosquitoes. Havells has introduced a fan that is coupled with an air purifier, and another one that responds to voice commands and senses the humidity in the room. Lloyd, too, has launched an AC model that can be controlled using voice commands.

"The cooling products business made a good recovery, as the lockdown was eased. As of the last quarter, we achieved a growth of 46% over the corresponding quarter (non-Covid period) of the previ-

COOLING PRODUCTS

Consumer durables back in business

Brands launch high-tech ACs, fans and coolers to make up for poor sales recorded last year

ous year. We expect this momentum to continue in the next few quarters," says Pradeep Bakshi, MD and CEO, Voltas. The company is supplementing its new launches with an expanded distribution network, and investments towards brand building.

Ravindra Singh Negi, president – electrical consumer durables, Havells India, says the company is strengthening its distribution network in tier II and III cities as well as ramping up production this year.

Luminous is promoting its energy efficient fans this season. "By the end of the



year, we hope to have a total of 50 energy efficient fans with star ratings. A 3-star fan costs about ₹400 more than a normal fan, and this should make them more attractive than a 5-star fan which costs

₹1,200 more," says Jitendra Agarwal, SVP, Luminous Power Technologies.

The likes of Bluestar, Symphony and Crompton have begun their advertising blitz for the season. Bluestar has roped in cricketer Virat Kohli to promote its range of ACs and air coolers. According to media reports, the company, which is targeting

a growth of 25% in FY22, has set aside ₹64 crore for advertising alone. Meanwhile, Lloyd is expected to extend its association with Bollywood actors Ranveer Singh and Deepika Padukone for the year. For the South market, it has roped in actor Mohanlal.

Room to grow

From April 1, with the increase in cost of raw material, ACs could get dearer by 4-6%, resulting in a unit price increase of ₹1,500-2,000. Despite this, AC makers are confident that the pent-up demand and need to upgrade will drive sales. Shashi Arora, CEO, Lloyd, expects that EMI schemes where the interest will be borne by the manufacturer and the bank, and cash back schemes will come handy.

As the pandemic shows signs of resurgence, people are slated to spend more time indoors. "With work from home continuing to be the norm in many sectors, replacement cycles for products like fans and ACs have reduced," says Harinder Sahni, managing director, Wazir Advisors.

Arora says, given that the penetration of ACs in India is merely 7%, there is a lot of headroom to grow. "As people spend more time at home, they are realising the need for ACs in more rooms and upgrading air coolers to ACs."

The consumer durables segment has not benefited too significantly from the growth in online channels. One reason for this could be that consumers are still unsure of installation and after sales services for purchases made online. That apart, Rajat Wahi, partner, Deloitte India, says, "These companies are heavily dependent on their dealer network; putting up products online could destabilise that partnership."

