

Consumer goods firms cash in on harsh summer

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Companies selling air conditioners, coolers, refrigerators and ice-cream are likely to post double-digit sales growth this summer.

After two years of subdued sales, the first half of 2016 proved beneficial for the companies as the temperature soared above normal early in March in the south, followed by the north and west.

Sales of summer products started to pick up as early as end-February in Kerala, Tamil Nadu and Andhra Pradesh.

Consistently high temperature in the following months led to a surge of 35 per cent in Videocon's air conditioner sales in January-June. Analysts expect higher sales of air conditioners and refrigerators by Voltas, LG, Daikin, Hitachi, Blue Star and Whirlpool.

Cooler sales grew 25 per cent and are expected to touch 2.5 million units this year from two million in 2015. Usha International, which controls 20 per cent of the organised cooler market, saw a 50 per cent rise in sales. Rohit Mathur, president of the fans business at Usha International, said sales in the south and north did quite well.

The Consumer Electronics and Appliances Manufacturers' Association (CEAMA) has projected a compounded annual sales growth rate of 13 per cent between 2014-15 and 2019-20. It estimates the industry's sales will grow 15 per cent this year.

Apart from air conditioners and refrigerators, sales of televisions, too, climbed in the first six months of 2016 on the back of major sporting events like the ICC T20 World Cup, the IPL, FIFA Euro 2016 and Copa America tournaments.

The CEAMA expects television sales to grow by up to 13 per cent in 2016. Sales grew 17 per cent in 2015 as the ICC One Day International World Cup was held.

Sanjeev Bakshi, chief operating officer, air conditioner division, Videocon, said this year's summer sales were the best for the company since 2011. "An early summer saw sales shoot up, unlike last year when they were flat," he said.

Videocon's record sales received a boost from the expansion of its distribution network as well. During the first six months of 2016, the company increased its reach by 45 per cent to 7,000 selling points.

Chinese consumer durables company Haier posted 24 per cent growth in sales of air conditioners, 31 per cent for refrigerators and 50 per cent for deep freezers.

The North contributes 38 per cent of total air conditioner sales in the country, followed by the South (29 per cent), west (22 per cent) and east (12 per cent).

"New launches in refrigerators and air conditioners, coupled with a focus on reach and shop-floor execution, paid rich dividends. Urban demand should accelerate with the Seventh Pay Commission payout and a normal monsoon should ease pressure on rural demand," said Sunil D'Souza, managing director, Whirlpool. The company's revenue grew 11 per cent and its operating profit jumped 36 per cent in the March quarter.

Ice-cream sales grew 15 per cent this summer, against single-digit growth in 2015. Higher sales in April-June, which contributes nearly 40 per cent to the organised industry' annual sales, was aided by increased sales in late February. Cream Bell's ice-cream sales surged 20 per cent this year, its chief executive, Nitin Arora, said.

Coca-Cola and PepsiCo did not comment on growth numbers, but industry sources said the beverages industry would post at least high single-digit growth this year.

Sales suffered last year due to intermittent rains and a mild summer.