

# From LG to Whirlpool: Consumer goods cos upbeat about sales this festival on rains, pay commission

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Consumers will surely be the king this festive season. Not just online retailers, who have been using every advertising space, online and offline, with their big-bang plans but also their brick-and-mortar retail counterparts who are gung-ho about this season.

There is buoyancy all around. First, the monsoons have been good after two back-to-back drought which has lent positivity to the economy besides lifting the mood of the people. Even Latur in Maharashtra, which was dry until August 2016, experienced good rains in last few days and has been able to recoup with Manjiri river flowing to full capacity. The city has been able to fill two of its barrages to full capacity, according to this Indian Express report.

Secondly, more money will be jingling in the pockets of about 10 million government employees and pensioners with the implementation the 7th Pay Commission, which has increased their overall compensation by 23.55 percent. More importantly, the arrears from 1 January 2016 has already been paid in one instalment with August salary.

Although festive season usually constitutes a major chunk of the total sales for retailers and consumer goods firms due to higher consumer spends, the mood appears to be even more upbeat for them this time, say analysts.

An earlier report in The Economic Times said FMCG Indian companies are planning to spend about Rs 20,000 crore on advertising and marketing this season.

Some FMCG companies and brands have already announced their sales and discounts while some like Craftsvilla – an ethnic online store, for instance, have announced limited day offers. Manish Kalra, Chief Business Officer, Craftsvilla, says that it is celebrating Navratri and Diwali with 'grand sales'.

"We are offering two sales back to back – October 1 to 5, October 12 to 16 – when traditional wear and accessories will be available at a minimum 50 percent," said Kalra.

Kapil Agarwal, VP – marketing, Whirlpool of India said the company is expecting a 'great' Diwali this year and has earmarked 40 percent of its annual budget to this festive season.

"We are targeting a strong double digit growth, aiming to increase market share in all categories and regions," said Agarwal. The company has scheduled new launches in every category starting from a new range of steels in refrigerators, a new range of washer and new ranges in its microwave oven category, too.

Diwali is a festival when the white goods companies go all out to woo customers and offers freebies too. This is also the time when customers spend money to upgrade their home appliances and also, consumer electronics. LG Electronics is upbeat about achieving 30 percent growth over last year. Niladri Datta, head, corporate marketing, LG India, says, customers can avail of 'value enhancer combo offers'. Besides, the company will offers its latest E6 series featuring "premium technologies."

Lenovo is offering additional warranty of up to two years and accident protection up to three years with its laptops priced Rs 50,000 and above, informed Rajesh Thadani, Head & Executive Director – Consumer, Online and E-commerce, Lenovo India. There are offers based on redemption like hard drives, power bank or gaming gear. For instance, a purchase of a Lenovo Y Gaming laptop priced at Rs 70,000, a customer can buy a gaming kit (inclusive of headset, mouse, mechanical keyboard and a backpack) for Rs 2,999 instead of over Rs 19,000, the price of the kit.

Vijay Sales, one of India's leading electronic retailer expects sales to grow 15-20 percent this festive season. The over four-decade-old firm operates 67 stores across Maharashtra, Haryana, Uttar Pradesh, Gujarat and Delhi. Nilesh Gupta, Managing Director, said though the company is not active online, the advertising for online products and discounts offered by online marketplaces has helped offline tremendously.

"We are expecting 15 to 20 percent growth which is slightly over than last festive season. We are expecting more customers to opt for our EMI scheme and exchange products for new at our stores." Gupta believes LED products will lead sales largely this season.

Godrej Appliances is expecting double growth this year from around 8 percent last year to 15 to 16 percent this festive season. The company is expecting a topline of Rs 4,000 crore (nationally), and a growth of 20 percent over last year. "We ended last year at around Rs 3,250 crore," says Kamal Nandi, Business Head and executive vice-president, Godrej Appliances, adding that the focus will remain on premium segment this year and this run across segments - not just the high ends. The company's festive offer starts from 1 October to 5 November and gives customers assured gifts worth up

to Rs 18,100 on purchase of select models. The gifts include Godrej air purifiers, Portico bedsheets, dry irons among others.

Rating agency firm ICRA on Tuesday said it expects 10-12 percent growth for two-wheelers this fiscal with significant contribution of sales coming in during festive season.

"Besides pay revisions ... benefits from a favourable monsoon during the current year and expected healthy kharif output supporting rural cash flows are expected to be key factors leading the growth," ICRA said in its report.

According to a report in The Economic Times, both retail outlets and online shopping sites will be offering zero-cost EMIs (equated monthly instalments) on credit card spends to customers.

In order to comply with the Reserve Bank of India's regulations, these outlets and online retailers will offer discounts to consumers from the interest component payable to the banks under the zero-cost EMI scheme, the ET report said.

Both Flipkart and Future Group have tied up with SBI, ICICI Bank, HDFC Bank etc among others to offer the current zero-cost EMI scheme, the report added.

If these projections by companies indeed realise, then it will be a huge boost for the consumption demand in the country, which will definitely help the economy too.