

www-navhindtimes-in-Of-scorching-summer-and-cool-things

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Traditionally the onset of summer sees demand shooting up for air conditioners, refrigerators, ice creams. A look into the market of these products in Goa, by

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You know summer season is approaching when the overhead fan alone is not enough. When people duck into cool department stores while shopping and when, the hunt is on for the lost remote. Summer is also when office employees are mostly seen indoors with no stepping out at the drop of the hat. The beginning of summer in Goa is heralded by number of signs and no less among them is the step up in ads of air conditioners and coolers. This year with searing temperature making an early appearance the ads seem to have started in right earnest.

Ground level check reveals that sales of air conditioners always increase during summer. The seasonal uptick in demand is a regular trend that peaks in April-May and continues right till the monsoons. According to retailers, summer sales accounts for about 30 per cent of their annual revenues which is they make all efforts to persuade customers to buy.

ACs have become a necessity days and it is no longer a luxury. Some years back the salaried class mentioned the presence of an AC in the house with pride. But today almost all homes including aspiring middle class have it and it is not considered a rarity. The latest trend is residents no longer having an AC only in the bedroom. They are onto having an AC in the living and children's room thereby boosting demand.

Goa's AC consumption is good, says Pankaj Joshi, owner, Consumex, Vasco. Joshi is one of the few sales and service dealer's (SSD) who deals in multiple brands. He specializes in projects and is a big player in the air conditioner industry otherwise made up of largely retailers. Goa's AC market size is estimated at 35,000 units a year, according to Joshi. Split ACs dominates demand and the window conditioner is as good as extinct, he says. Window air conditioners would comprise about five per cent of the market, he explains. Demand for ACs has been robust in the retail and commercial segment, although for projects things are bit slow because of the economy, reveals Joshi.

However overall demand is good and expected to continue in similar vein in future. Meanwhile, retailers, point out that demand is segmented with economy, mid-range and premium, making up the three segments.

In the economy range there are brands like LG, Samsung, Onida, Haier, Lloyd while the mid-price brands include Carrier Aircon, Voltas and Blue Star. The premium segment consists of brands such as Daikin, Mitsubishi, Hitachi and Toshiba. The robust demand for ACs is such that all price range are doing well, point out retailers. On the whole retailers point out that they are looking at 15 per cent increase in sales this 2016 summer season.

If AC consumption in Goa is cruising at a cool pace, things are not so hunky-dory for refrigerators. Retailers expect modest spurt in demand this summer due to the sluggishness in overall purchases of consumer durables. “Typically in summer we witness at least 50 per cent spurt in purchases of single-door fridges, but this time we are only expecting only 10 per cent growth in demand,” says Siddharth Naik, partner, Nagesh Electronics, Curchorem.

“There are anticipated sales for fridges but it is not getting reflected in actual buying,” he says. According to Naik, the festival months of 2015 were not too good either for refrigerators and it is reflected in the fact that several retailers are holding unsold stocks. However retailers like him are looking ahead to Gudi Padva where residents typically purchases household goods.

The slowness in refrigerator sales can be attributed to overall recession in the consumer durables industry, says Naik. Goa’s market size of refrigerators is estimated at 2,500 units per month which works out to about 30,000 units a year, he says. Refrigerator sales are currently witnessing a “de-growth, he explains.

On the price front the news is good for refrigerator buyers as retailers do not expect any major increase by manufacturers. In 2015 prices of refrigerators in Goa were up about nine per cent and in 2016 the outlook on price is stable.

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The Goan market size for ice cream is estimated in the region of Rs 50-55 crore but demand is growing at the rate of 20-25 per cent annually. Moreover market size does not include ice creams that are sold by cart vendors and by the unorganized sector. such as

Ice creams, he says were traditionally perceived either as a summer treat or for special occasions. It is becoming accepted as a year-round indulgence and in all weather. The Goan market size, according to Dalvi is in the range of Rs 46 crore annually but it does not include the small unorganized local players whose products are sold in carts. Goa demand is growing at the rate of 20-25 per cent according to estimates by the industry.

Major change witnessed in the demand is the consumers' willingness to pay higher price. Earlier price was a major barrier as residents avoided ice creams above Rs 10-Rs15. However now they are willing to spend and can even shell out Rs 80 for an ice cream, says a retailer.

According to Yogendra Sadani, founder, Sonam Industries (Frosty), Pilerne, "Ice cream manufacturers are continually experimenting with new flavours to tempt customers." Further they are also looking at innovations to cater to the current trend of health consciousness. His Frosty brands latest innovation is fusion products where there is a mix of ice cream and bakes.

The ice cream market is segmented into retail buyers, institutions (hotels) and weddings. Summer is the season when demand from retail and institution segments are riding high.

Like air conditioners, refrigerators and ice creams, there are other products where sales spurt during summer. This includes cold drinks where vendors look forward to big swell in income. According, to Mandar Prabhu, vendor, Panjim Market, "summer sales accounts for 30 per cent of annual income due to the advent of tourists." It is the most important period of the year for me and I make sure to take on an additional hand during these months, says Parbhu.

Competition from online is considerably dented summer sales of air conditioners and refrigerators, say Goan retailers. It is a competition that can only get fiercer in future, they fear. However ice creams and cold drinks see no threat from e-commerce and therefore are best placed to benefit from the summer rush.