

## BETWEEN OURSELVES

*Industry is generally up-beat, after the Lok Sabha election results. The results are being interpreted as "Vote for the stability and economic reforms". A heartening feature of the results has been those who demonstrated good governance, e.g. Bihar, have been the biggest beneficiaries. Agenda for first 100 days has been spelt out by the government. Dr. Manmohan Singh, Hon'ble Prime Minister is very keen that the government should be seen to be delivering on its promises.*

*The industry is looking to the Budget with lot of hope and expectations. Mr. Pranab Mukherjee, Hon'ble Finance Minister, is a seasoned politician and he would certainly put his mark on this year's budget. The Government has indicated the implementation of uniform Goods & Service Tax (GST) throughout India from 1st April 2010, as a priority area. It will certainly be a path breaking tax reform. Implementing uniform GST in a federal structure of the country, is difficult and complex task. There are many issues involved in the implementation of uniform GST. Successful implementation would reflect the vision of the political leadership of the country and one would salute the leaders for this act, which would transform nearly 30 different markets representing each States, into one common market, for whole country. Associated with uniform GST is phasing out of CST. We are getting contradictory news about reduction of CST to 1% in this financial year. We hope that CST would be reduced to 1% in this financial year, thus giving confidence to the industry that the government is serious about implementing uniform GST from 1st April 2010.*

*Implementation of Rural Electrification Programme has been very tardy. Only less than 25% of the targeted Rural Electrification Programme has achieved in the last five years. For our sector to grow, it is utmost important that the Rural Electrification Programme is speeded up.*

— Suresh Khanna

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# THE CHANGING CONSUMER LANDSCAPE

— *Mr. Ramesh Chembath, Head - Mktg. (Appliances), Godrej & Boyce*

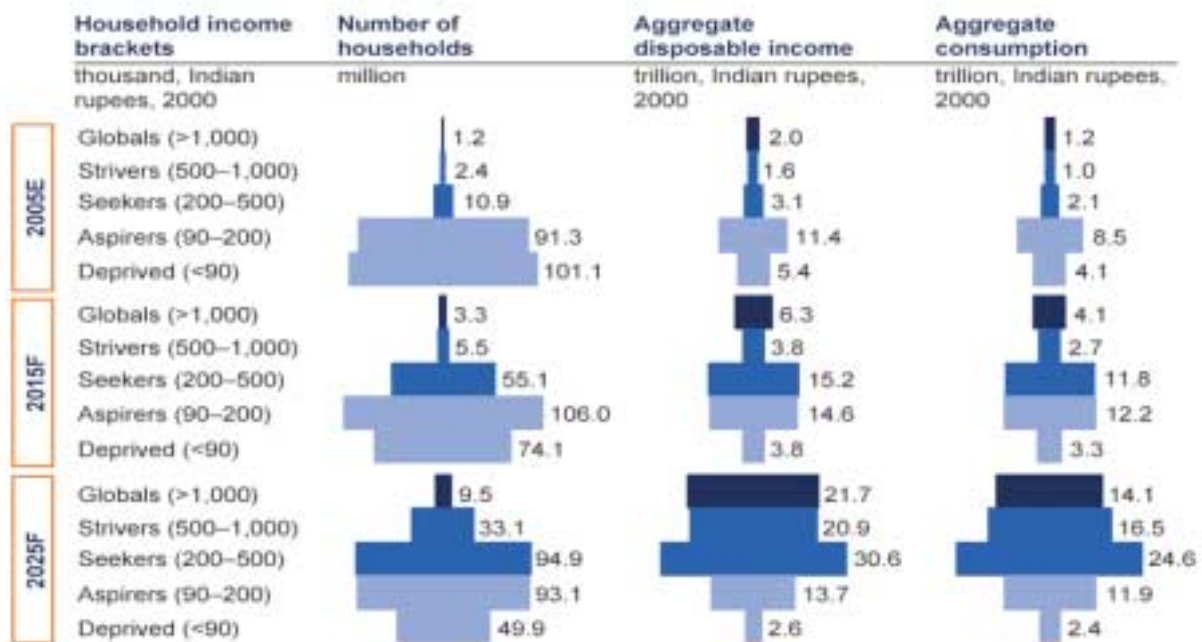
True to the spirit of industry, we will begin by discussing about the consumer. It is not just for name sake that we are called as Consumer Electronics and Appliances Manufacturing Association. We as an industry also believe that consumer comes first and is the king. So let us talk about our king-who they are and who they are going to be in the coming times. In this article we shall discuss the emerging consumer trends and what are the kinds of implications they have on the industry.

Let us discuss about emerging Indian consumer landscape. McKinsey has carried out a study that really gives a reflection of how the industry is going to shape up, or the consumer trends are

going to shape in the coming times. If one looks at the socio-economic classification of India, the households are certainly undergoing a big change. What was called as the 'pyramid' earlier and the much talked about the fortunes lying at the bottom of the pyramid, is moving upwards and as it moves up, the shape of the Indian socio-economic household structure is moving to become a prism. That means a huge amount of wealth in terms of both disposable income, as well as, consumption is going to shape upwards and the middle class which we have been talking about is going to become a key important member for our industry and for most of the industries, which depend on consumer consumption.

## Changing Demographics

### The changing Indian household structure ....

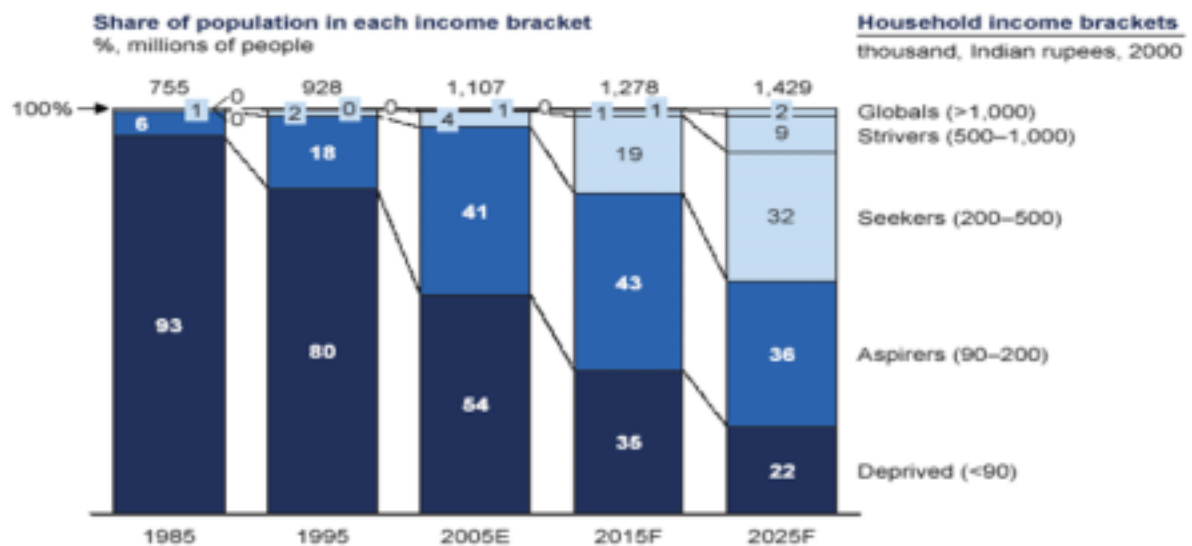


Source: McKinsey Global Institute

## Changing Demographics

### Household income growth to create strong middle class

#### SHARE OF POPULATION IN THE DEPRIVED CLASS WILL DROP BY MORE THAN HALF BY 2025



Note: Figures are rounded to the nearest integer and may not add up to 100%.  
Source: MGI India Consumer Demand Model, v1.0

#### RISING INCOMES WILL LIFT 291 MILLION OUT OF POVERTY AND CREATE A 583 MILLION-STRONG MIDDLE CLASS

Taking it forward if one looks at the income growth, the middle class, which everyone is talking about, is going to become much more powerful. Truly it is going to become powerful not in sheer numbers, but also with the amount of money they would have for disposition. Indian middle class will be the largest segment and contribute to a chunk of the Indian society as we go ahead.

Now with a strong middle class emerging, what will also happen is that consumption which today is largely restricted or coming from the lower-end segment of the society and hence is very minuscule is going to grow fourfold. If one sees from 2005 to 2025, i.e. the 20 years

period, the consumption is expected to grow up almost fourfold, whereas if one looks only at middle class consumption, it is expected to increase by 14 times in the same period. And they are going to be the largest contributor to the consumption, for Home Appliances & Consumer Electronics sector, as well as, the other segments.

So what is in store for us? As it happens, India becomes the 5th largest consumer market. Again, talking about it, India is a key market, we will move from being the 12th market to almost being the 5th market overtaking most of the markets, and to a certain extent some of the developed economies like Germany.

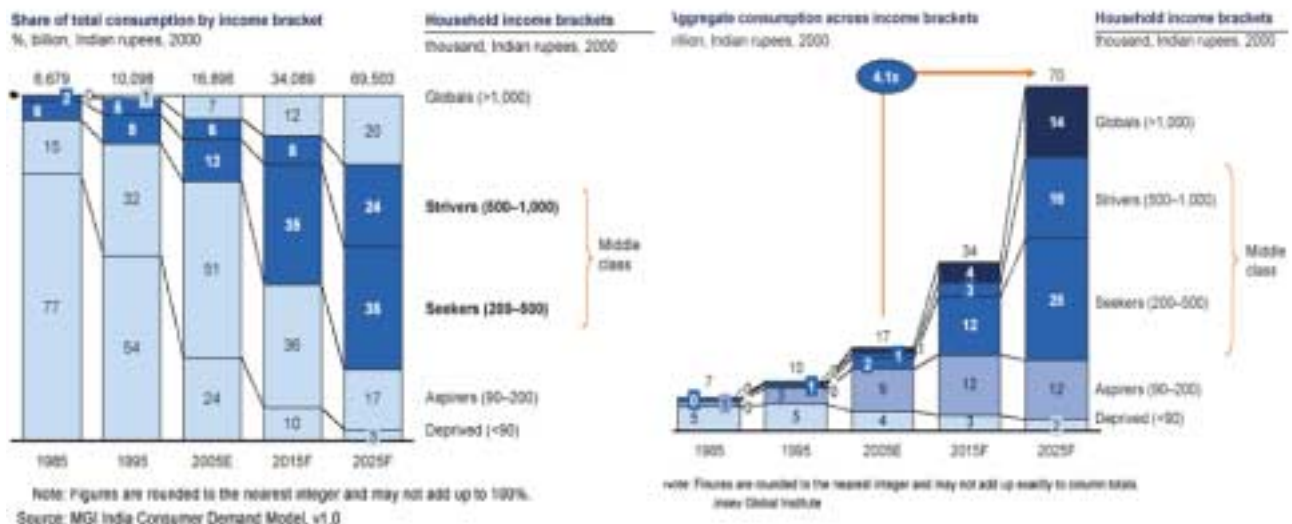
One more point, which we have to note along with this, is that it is not just the consumer socio-economic classification in terms of consumption which is going to shift, but there is going to be a huge shift in terms of the geographies, where this consumption is going to happen. It is estimated that while today most of the consumption, because of the sheer size of the rural consumer base, is happening at the rural market, as we go ahead, most of the consumption will shift to the urban market and they will start contributing to the maximum purchases which are going to happen in India. We also need to realize that the urban market, as we define it today - largely when we talk about urban market, we restrict ourselves to seven metros and we talk about the rest 15 more

markets which are coming into the fold - is going to grow multifold and we expect almost 35 cities to contribute to almost 60 - 70 per cent of the entire sales in our category group.

One big shift which is happening along with demographic profile is actually the socio-cultural changes that we are witnessing in the society. The value structure which the Indian society was witnessing till now is moving. The trend which was called as 'Swadeshi babies' of yesterday - and that is not the yesterday which was very far, this is the yesterday which was almost 7 to 8 years back - from that we are moving to a consumer segment which can be called as 'Liberal babies', because these are the consumers who were born after liberalization, the consumers who

## Changing Demographics

The emerging strong middle class will fuel consumption in the coming times ...



**While India's household consumption to quadruple in next two decades..  
The middle class consumption share will increase 14 times...**

were born post 1972 as we call it. Since India is also a very young country, 50% of the Indians are below the age group of 25, and they contribute a lot towards the consumption in India today. Their values have changed in the last 10 to 15 years and this is reflecting in the way the consumptions are happening today, the kind of products that are moving in the marketplace.

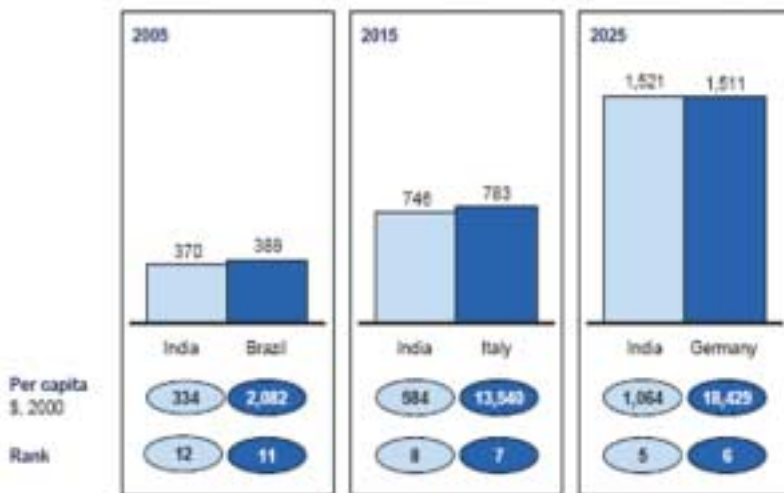
Just to touch upon some other points which is the bigger shift which we are witnessing today, the 'Swadeshi babies' as we used to call them, are people who were born between '50s to 1972. They were largely people who were looking at self reliance as the key means and they were the people who used to believe in genteel, poverty

in emotions or ideologies for a brand which had been there at that point of time. It was a brand connect, which was much bigger than the offerings that were coming in the marketplace for them. People were looking at softer options. They used to prefer doing things which were popular, which were being done by everyone, not trying to do something differently. There was a lot of guilt in consumption, at that point of time, indulgence was seen as a big sin from the consumers' point of view. People preferred to be 'face among the crowd', not 'a face in the crowd' at that point of time and they were not someone who were very comfortable with technology. The biggest shift which also has an impact on us is that the existing

## Changing Demographics

Also will drive India to become the 5<sup>th</sup> largest consumer market ....

Aggregate private consumption, 2005-2025  
billion, \$, 2000



Source: Global Insight; UN Population Division; MGI India Consumer Demand Model, v1.0

Marketing - Marketing Research  
Web Extras - Outlook

**'India set to become world's fifth largest consumer market by 2025'**

Our Bureau

Income growth, biggest driver of increasing consumption: McKinsey study

Mumbai May 3 A study by the McKinsey Global Institute (MGI) says that if India's high economic growth rate holds steady, Indian incomes will almost triple over the next two decades and India will climb from its position as the 12th-largest consumer market today to become the world's fifth-largest consumer market by 2025.

The report, titled 'The Bird of Gold: The Rise of India's Consumer Market,' by the MGI, McKinsey's economics research

consumer who is in the market today is quite comfortable with technology and we are in the space of technology and that makes a huge difference to the Industry. Consumer's technology interface is no more restricted to the appliances and consumer durables, he is buying. The canvas is much larger, the products which he interfaces with are much bigger.

Someone was talking about service of any other product like iPod or iPhone and the way they define the parameters, is not the kind of service which is being offered by Nokia or any other company. For them 'if my consumer is today using BMW, he expects the same kind of service when he is using the product which may not be from the same industry'. So if one starts defining his service parameters, he should look at the products

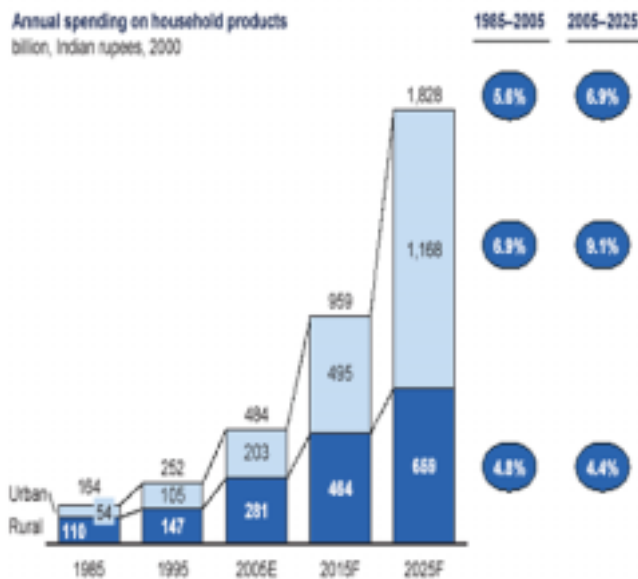
that consumer interfaces with, and start putting that as the benchmark for him, rather than looking at what his competition in this industry is doing. That is the way the entire industry is going to get redefined. Of course, there are people who are looking for efficiency. We all know when there is an opportunity to buy something which is coming at a cheaper price, we believe that it can be bought and can be sold.

Here we are looking at people who are willing to do things very differently, people who are looking for motivation in the marketplaces, people who are very individualistic. They don't mind trying out things. They are okay to say, 'No, I know that this brand has been there for a long time, it is a very comfortable brand, I can buy it and I can survive with it for a long time, I have seen that

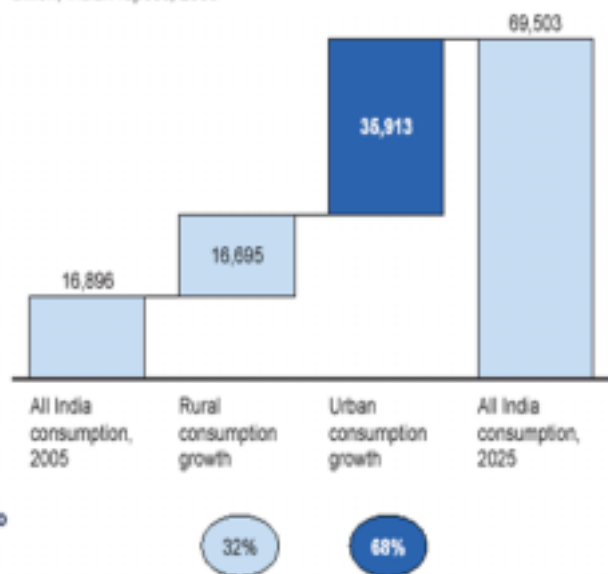
## Changing Demographics

### Shift of consumption from Rural to urban market ..

Annual spending on household products  
billion, Indian rupees, 2000



Aggregate annual consumption  
billion, Indian rupees, 2000



Source: MGI India Consumer Model, v1.0

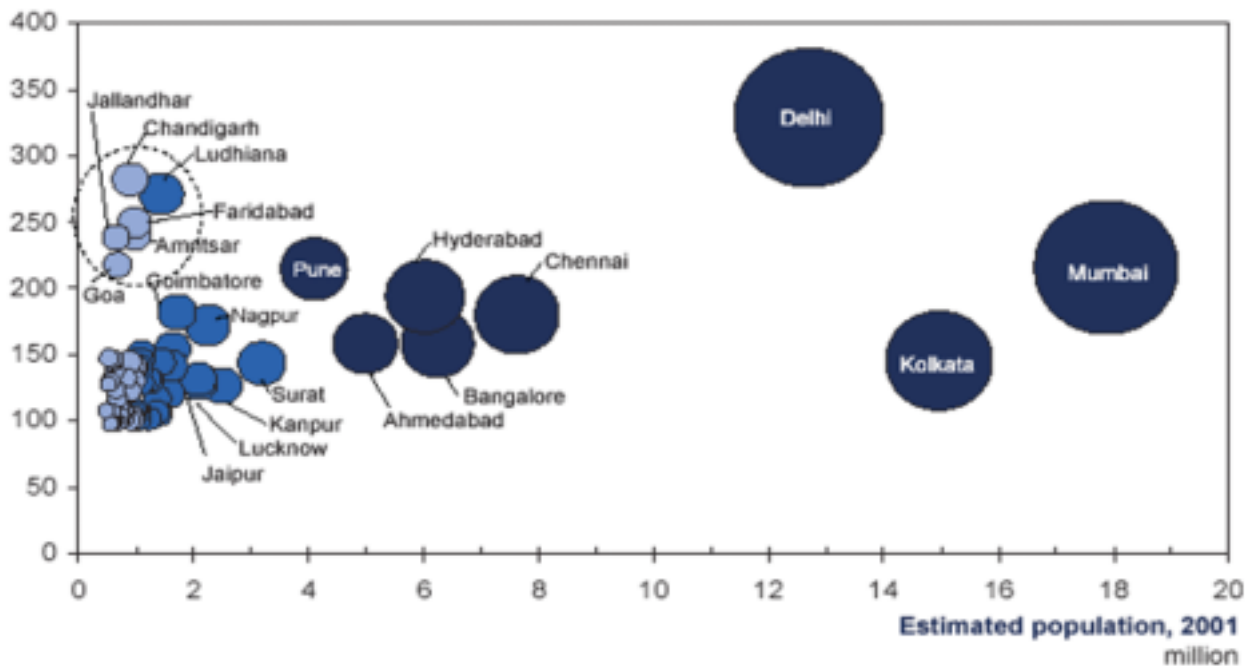
## Changing Demographics

### EMERGING NICHE TIER 3 CITIES ARE RICHER THAN MOST TIER 1 AND 2 CITIES

Average annual household disposable income, 2001  
thousand, Indian rupees, 2000

Total disposable income  
billion, Indian rupees

- Tier 1
- Tier 2
- Tier 3
- Niche cities



Source: *The Great Indian Middle Class*, NCAER; MGI India Consumer Demand Model, v1.0; MGI analysis

brand being at home for a longer time and know it will not give me a problem, but, yes, I may look for a change'. People are willing to take that risk and change the brand or the product which they have been using or someone else in the family has been using. This is the set of consumers we are talking about today, and we need to understand how they are going to take our product, and how they are going to use our product.

So overall if one looks at the consumer today, the India as it is today, we are the confident lot, we believe that our future is going to be brighter than what we are living in today, more individualistic, people who are willing to experiment, people who

believe that if they have it, there is no harm in flaunting it, people who are well connected with the world not just because they hope the CNN is available at home, but they also explore and take efforts in understanding, what is happening across the globe.

So how are these changes going to define the consumer trends of tomorrow? What are the trends which we are witnessing right now? The first and foremost, it is very important the way we define the products. The way we define the product value is going to change. People don't buy products any more purely for the functionality. Many products, whether it is iPhone or whether you are talking

## Changing Psychographic

### The changing Socio cultural values ...

#### The Swadeshi Babies

#### The Liberal Babies

<b>Self Reliance</b> (make it , no matter what ever may be the cost)	<b>Efficiency</b> (If it is cheap to buy , then why make)
<b>Genteel Poverty</b> Contentment and stability	<b>Learning to earn more</b> Striving to keep up with others (Eg. If China, Korea, Indonesia can why cant we?)
<b>Ideology and Emotions</b>	<b>Pragmatism and Rational</b>
<b>Soft options</b> (doing popular things)	<b>Biting the bullet</b> (doing things differently , even if it is the hard way )
<b>Guilt / control</b> (curb consumption )	<b>Motivation / Incentivisation</b> (Offers and emotional payoffs )
<b>Face among the crowd</b>	<b>Individualistic</b> (seeking own identity )
<b>Skeptic about technology</b>	<b>Seeking and embracing technology</b>

about computers today, they are bought purely for the kind of personality that the product has. People are seeing these products as extension of their own personality. A person who comes by a car, sees the car as an extension of his personality, something which talks about him, rather than using it as a mode of transportation. This is going to be quite significant, as India gets opened up and Indians have an opportunity to look at products which are luxury products. They are also looking at all the luxury products. If one looks at the trend, most of the luxury brands are available in India today. If one had thought of five years back, most of these brands did not have their direct presence in the Indian market. But now they have their own showrooms, they understand the kind

of potential that this market offers. Hence we need to understand product proposals, not just about their functional value today, but also a lot about the emotional value, the consumer is looking for, and when we start designing our products, we should keep this in mind.

The second important thing which is emerging is the 'premiumisation' as we call it. People's indulgence is no more seen as a big sin. Every segment today has created a niche offering, for this set of customers. Be it theatres, be it multiplexes or be it handsets. Multiplexes have gone beyond providing luxury spots for people to enjoy. Today handsets are growing much faster. In fact the penetration of handsets has gone much beyond even the traditional landlines.

Equally important is that there is an opportunity in each segment and sub-segments. Earlier if you talked about creating a premium segment, say in refrigerators, we had only the side by side, which were the high end, or the frost-free, which were the high end and one had the DC, which was considered as the lower end segment. But today by offering values, even in the lower end segments, one can charge a premium, and one can create a product which can help in charging that premium. A small example of that is that when Godrej launched a product last year, which was a 5 star refrigerator, we could realize a premium of almost 1000-1500 rupees, in a segment which is considered to be the lower end segment in India - i.e. the DC market. Hence there is an opportunity, which exists and it will be appropriate, if we can see those opportunities and exploit these and create our own segments wherever we operate.

The third important thing is the culture which is evolving. Snacking as we know, it is not just restricted to eating. It is a lifestyle, which people live. People look at easy solutions. People look at comfortable things to do and with Indian profile changing, it is no more agricultural economy, it is more going to be a service economy. People's lifestyle and the cities also, even if one goes to villages today, or smaller towns, one will get to see people who come home at 9 or 9.30 because when ICICI or any other big financial company goes into those markets, people are working late, very unlike the yesteryears, when people in smaller towns used to go to sleep at 7.30 or 8. Everything was silent, if one were to go into the streets at that point of time. But even if one

goes to the smaller towns today, the late evenings are as vibrant as the cities are. That is the changing culture which is going to happen across India, and we need to understand what potential this kind of lifestyle change is going to offer to us and we can certainly create products which can fulfill their needs by this change in the lifestyle, like appliances which can fulfill a lot of their needs and benefit from it.

The fourth biggest thing is the importance that online is gaining in India. Virtual world, as we call it, is real now. Now on the net one can marry. Recently we heard a husband helping his wife to deliver a baby by just taking some advice on the Net. One can do trade, one can buy products, sitting at home one can do everything. There is a whole community buildup. People have friends from other cities who they have never met before, all through the Net. They live in a world which is completely a virtual world. This is going to play a significant role. If one also looks at the way the Internet is being used, India has the fourth largest user base of Internet and with the kind of population we have certainly we are going to

### How will this impact our industry

#### 1. STATUS SPHERES

Need to address the emotional values as much functional benefits to sell category and brands

#### 2. PREMIUMIZATION

Opportunities to realise better price in every segment by offering distinct value proposition

#### 3. SNACK CULTURE

Lifestyle needs will create market for convenience products – like appliances

#### 4. ONLINE OXYGEN

Traditional sales & marketing approach need to be revisited even for categories like CE & HA

#### 5. ECO-ICONIC

Eco culture is catching up & will have currency even in market like India in coming times

overtake Japan in no time. And the way it is growing in the market, we are sure that it is going to happen in a short time.

So there is a huge opportunity which is available. Are we really exploiting this opportunity which is available to us? No, not really yet. There are other industries which have already started making inroads in this category and started using them very well. This is something which we have to start looking at.

Fifth of course is about eco becoming very important. In earlier days, Khadi was seen to be very Swadeshi, it had its own value, but values are very different from the value it has today. It was supposed to be something cheaper but today by being on eco plank, you can really charge a premium. Today the high end air-conditioners are actually the 5-star air-conditioners which are completely on eco mode. Companies like BMW are looking at eco, to create segments which they are not presenting today. So it is a big currency as we go ahead and it is not just restricted to developed markets. It is also going to have an influence in markets like ours where eco works very well in this segment.

So what are the implications from all this? If one looks at way forward and what learnings we can take from here, certainly the emerging societal and lifestyle changes can radically change the market structure, that is existing today, and which will create a lot of new opportunities for all of us to exploit. We must understand that there will be a market, which will be created for convenience products which will be largely driven by the kind of

lifestyle changes that we are witnessing today and from this, products like appliances are going to benefit a lot, because these are convenience products. They are something, which really empowers you to lead a better life. However the changing trend also means that unlike most of the cases today, products tomorrow will not be sold purely on the functional need satisfaction basis, but on lot of emotional engagement and value creation that we can do. And when we talk about value, it is not going to be price proposition, it certainly is going to be much more than price proposition, and there is an opportunity available for us to look at it.

Finally, to conclude, one can also say that there would be lot of implications for marketers to understand the changing drivers of the purchases and the way we look at selling our products and designing our products. If today we are thinking that product can be stand alone, there may be an opportunity, that there is an integration which is available to us, there are possibilities that products may combine, functionalities may combine to create a new segment, which may not exist.

### Way forward for the industry...

- The Emerging societal and lifestyle changes has the potential to radically alter the market structure **creating new opportunities for the brands to exploit**
- This **will also create markets for convenience products that fulfills the lifestyle needs** like appliances in the emerging markets
- However the changing trends also means that unlike in most cases today, the products tomorrow will **not be sold just on 'functional need satisfaction' but on the emotional engagement** that it can create with consumers
- This will also have implication on marketers to understand the **changing drivers of purchase** as well as the **approach to marketing the products**

## CONSUMER ELECTRONICS NEWS

### Heat wave hots up AC biz amid slowdown

It's almost as if the heat wave is melting the recession. Early onset of summer and a sharp rise in day temperatures are forcing consumers to buy air conditioners (ACs) notwithstanding the economic strains imposed by the current slowdown. Besides manufacturers of ACs, companies making stabilizers, generators, inverters and batteries are also raking in the moolah, thanks to the sizzling weather. This year the heat wave began as early as March. And since then it is showing no signs of a let-up. And to beat the heat, almost all major AC manufacturers, including Samsung, LG, Videocon Haier India and Carrier India have launched their new lines of energy efficient ACs for the Indian market.

— Mail Today Delhi, April 28, 2009

### Samsung unveils energy-efficient LED TVs

Samsung, on Wednesday, launched a series of energy-efficient LED technology-based televisions in the Indian market. The LED TV - priced between Rs. 1.235 lakh and Rs. 3.5 lakh- use low electricity, contain no mercury and are made of environment-friendly products, Samsung claims. It is based on a new technology, which uses LED (light emitting diodes) in the panels as against LCD TVs, which uses normal liquid crystal display technology. Samsung R&D Centre in Delhi has played a major role in developing the LED TV. Apart from launching three series of LED TVs in the Indian market, Samsung India also introduced five series of LCD TVs (Rs. 17,000 to Rs. 1,70,000) and two series of plasma TVs (Rs. 59,00 to Rs. 1,35,000)

— Decan Herald Bangalore, April 30, 2009

### Air-conditioner makers focus on institutional sales to beat slump

The Economic slowdown is prompting air-conditioner manufacturers to bank on resilient segment such as government funded infrastructure projects, hospitality and healthcare to prop up the declining institutional sales. The rising sales of residential air-conditioners - split and window ACs - this summer has come as a boost to AC manufacturers who are sweating it out in the business-to-business segment. According to industry players, the size of the domestic air-conditioner market was estimated at about \$1 billion in 2008, growing at a CAGR of 20%. The institutional segment - including commercial ACs used in retail stores, airports and corporate buildings - accounts for an estimated 15-20% of this. Companies are hoping that residential demand will remain robust as always during the peak summer April-June quarter to steer them forward as they grapple with significantly low figures in the just-closed fiscal.

— The Economic Times Delhi, May 01, 2009

### Samsung eyes 30% growth

Consumer electronic major Samsung is eyeing a 30% growth to achieve a turnover of \$2 billion on the back of new products like LED TVs and mobile phones this year. "There is no recession in India, we had around \$1.7 billion turnover last year and this year it may cross \$2 billion, with around 30% growth," Samsung president and CEO (South West Asia) Jung Soo Shin said. Samsung expects its newly-launched LED TV range, priced between Rs. 1.25 - 3.5 lakh to be its new growth engine this year.

— The Times of India Delhi, May 02, 2009

**Slim is in**

At this recent event in Delhi, Samsung India ushered in a new range of flat panel televisions. With the launch of its thinnest ever LED TV (see inset) in the Indian market, the brand promises to bring to the consumer a once in a life time experience of viewing. The advanced line up of LED High Definition Televisions (HDTVs) boasts of features like 1.16 inches slim screen, mega picture clarity, low power consumption, crystal design, interpolation technology and more. The TVs that have been introduced in three series - 6, 7 and 8 - offer a wide colour enhancer pro feature along with features to reduce motion blur and image judder.

— The Times of India Delhi, May 3, 2009

**Croma to add 40 products**

Croma, the electronic and consumer durable mega-store chain of Tata Group, plans to add around 40 products in small appliances and personal care categories under its private label business, a top company official said. "This year we plan to add another 40 products taking the total number of our private label products to 80. We will introduce a lot of new and innovative products in small appliances and personal care categories. Existing products in this category are getting a good response," Infiniti Retail's CEO and managing director Ajit Joshi said here.

— The Economic Times Delhi, May 4, 2009

**Teens prefer toons to make choice for white goods**

Although he is 80, the fleet-footed Mickey Mouse still catches the fancy of teens. Apart from this ability to tickle them, a new study has revealed that the Walt Disney mascot is an efficient marketer then celebrities and could coax teens to buy LCD televisions or frost-free refrigerators and influence the purchase intention of their families. A recent survey by Ahmedabad-based Mudra Institute of Communications Research (Microe) has revealed that while teens would trust a celebrity endorsing products requiring nothing more than their savings from pocket money, the mouse has an upper hand in influencing purchase of products that need substantial cash in the wallet.

— Business Line Delhi, May 04, 2009

**Durables trio line up funds for expansion**

Hopes of a healthy rise in demand have spurred consumer durables firms such as LG, Samsung and Godrej to infuse fresh capital into the Indian market. Each of these companies are investing between Rs. 80 crore and Rs. 100 crore. "Despite the slowdown in sales in most sectors in the last six months, our industry has recorded strong growth in both consumer electronics and home appliances. A strong demand will emerge in the coming season as well. A lot of contribution is anticipated from the rural market," said V. Ramachandran, director (Sales and Marketing), LG Electronics India.

— The Telegraph Kolkata, May 04, 2009

**AC, refrigerator sales growth 35%**

Air conditioner (AC) and refrigerator sales spiked 30-35% in April compared to same month last year on the back of rising mercury levels in the country. Consumer durable firms say demand was particularly strong in the northern and southern parts of the country. All top brands, including LG, Samsung, Whirlpool, Voltas, Carrier and Godrej have switched to star-rated products. As per government's Bureau of Energy Efficiency (BEE), all electrical appliances are to be star rated on a scale of 1-5 depending on their energy consumption. Higher energy efficiency gives a product higher star rating.

— The Economic Times, May 8, 2009

**TVs get slimmer to woo viewers**

After going flat screen, TV sets are now getting slimmer and trimmer. Leading TV makers like Samsung, LG and Philips each one is innovating in a big way to make its models sleeker than the rival's. The TV makers believe a portfolio of slimmer products will play a new growth driver for the business in step with changing consumer sensibilities. For starters, these companies plan to launch truly slim CRT TVs and make a foray into the ultra-slim flat panel display segment (or LED TV) in India this year. So much so, the market for both slim CRT and flat panel TVs are slated to double in India. In 2008, some 9 lakh slim CRT TVs and 7 lakh units of flat panel TVs were sold.

— The Economic Times Kolkata, May 8, 2009

**Philips' campaign aims to deliver value for money**

Philips Electronics India Ltd., has kick-started a 'value campaign' across the country. The company, a subsidiary of the Netherlands-based Royal Philips Electronics, commenced this exercise last month to unlock the value of the Philips range of products. Speaking about the value campaign, Mr. Mahesh Krishnan, Vice President, Philips Consumer Lifestyle, said, "We have merchandise in around 1,800 stores across the country. We are now going with the tagline 'Philips of course' while understanding the consumer requirement and unlocking the value of our products.

— Business Line Delhi, May 09, 2009

**Godrej Appliances looks at 30% growth this summer**

The rising mercury levels across the country have raised business hopes of AC manufacturers, and Godrej Appliances, a lead player, hopes to log a 30 per cent growth this year. The air-conditioner market is roughly 25 lakh units, but during the fiscal 2008-09, a short summer pushed the market down to a growth of 9 per cent, from the previous year's 38-40 per cent.

— Business Line Delhi, May 09, 2009

**Microwave sales to pick up steam on product upgrades, innovations**

India's microwave market - its growth had slowed down last year- is expected to pick up steam as the year progresses, with consumer durable majors, including LG Electronics, Samsung and Godrej Appliances, all targeting growth of anywhere between 22% to 50%. Companies are driving sales by introducing newer models, focusing on product innovation and a series of below-the-line (BTL) activities. LG Electronics India business group marketing head (home appliances) Rajiv Jain told ET: "We are targeting sales of Rs. 350 crore this year, up from Rs. 285 crore last year. All our categories; solo, grill and convection are doing well. But, since local players are importing solo category microwaves from China to sell here, we are concentrating more on the upper-end models." LG, incidentally, is the biggest player in the Indian microwave market, with a share of around 31%.

— The Economic Times Mumbai, May 11, 2009

**LG, Samsung vie for new LCD variant**

LG Electronics India and Samsung India are in the process of creating new category of liquid crystal display (LCD) TVs, called the light emitting diode (LED) TVs. For buying new LED TVs, consumers will have to pay 20 to 30% premium over LCD TVs that are sold between Rs. 75,000 to Rs. 80,000 in India. The benefits which consumers can reap from new LED TVs include enhanced brightness, contrast and sound over LCD TVs and this new format is 40% more energy efficient as compared to the existing ones.

— The Financial Express Delhi, May 12, 2009

**LG plans to ramp up India play**

Korean consumer electronic major LG India manufacturing capacities and product exports from India for LG's global operations to save cost amidst the slowdown. In sync, LG India now plans to export products to mature markets like Europe and grow its export contribution from 15% of turnover in 2008 to 30% by 2012. LG India, which is the largest consumer electronics maker in India by revenues, achieved Rs. 10,730 crore turnover in 2008 and plans to grow by 15% this year. "We are currently drawing up a plan to increase product sourcing from India. India is already a major export hub for the Middle - East, Nepal and Bhutan, and we are further looking at Europe & Central Asia. The idea is to grow export revenues by 50% year-on-year," LG Electronics India managing director Moon B Shin told ET.

— The Economic Times Mumbai, May 12, 2009

**Videocon to spend up to Rs. 200 cr. on marketing**

Consumer durables firm Videocon on Tuesday said it would invest up to Rs. 200 crore on marketing this fiscal, with special focus on reaching rural markets and expanding product portfolio across categories. Videocon has lined up new products in LCD TVs, frost-free refrigerators and automatic washing machines, besides plans to increase the number of exclusive stores 11 fold to around 100.

— Financial Chronicle Delhi, May 13, 2009

**Videocon's high-end products**

Homegrown consumer durables major Videocon is embarking on an up-gradation exercise with increased focus on high-technology products as it seeks to revamp its image from a mass market maker to a premium brand. "To upgrade our customer to buying a premium product is the need of the hour. That is what we are doing...We have not been doing (it) in a big scale in the premium segment..."We are bringing more products in LCD, frost free, automatic washing machines and air conditioners as these are the categories where we are focusing now," Videocon India chief marketing officer Jaideep Rathore said.

— The Financial Express Delhi, May14, 2009

**Consumer Electronics sales pick up from March**

After witnessing a sharp fall in sales last year, consumer electronics appliances manufacturers are seeing signs of revival from the past two months and have started lining up product launches to drive growth. "March and April have been very good for the industry. We have overcome three issues - liquidity crunch, credit crunch and lack of confidence. The confidence is returning," George Menezes, chief operating officer, appliances division, Godrej & Boyce Manufacturing Co. Ltd. said on the side lines of a Consumer Electronics and Appliances Manufacturers Association (CEAMA) seminar recently.

— DNA Mumbai, May 14, 2009

**Videocon targets 40% growth**

The company, which closed FY08 with a top line of Rs. 12,625.45 crore, expects to close FY09 with a 40 per cent growth. It operates an October to September financial year. Besides new product categories, Videocon is also planning to strengthen its existing products portfolio. The company would launch a new range of refrigerators, washing machines, LCD TVs, DVD players and home theatres. These launch plans are to be completed by August this year.

— Financial Chronicle Delhi, May 15, 2009

### **Godrej to take its TV to 5 states**

Godrej Appliances, which had entered the Indian television market in September 2008, is expanding the reach of its television sets beyond Andhra Pradesh. The company will unveil its LCD and flat CRT TV sets in three to five states in August-September 2009. The National roll-out of TV sets will follow in early 2010. When the company entered the TV category last year, it had said that their range would be present nationally by 2009. However, with the downturn, Godrej had a limit its presence to Andhra Pradesh.

— Financial Chronicle Delhi, May 15, 2009

### **Maharaja Appliances expands product portfolio**

The company is one of the very few national players, including Bajaj and Philips, in the much-fragmented small appliances market. Maharaja has 22 per cent share of this market with over 60 SKUs (stock keeping units) across 18 product categories from hand blenders and food processors to kettles and irons.

— Business Line Delhi, May 16, 2009

### **Heat Buster: Godrej EON AC**

Most people find Air Conditioners easy to buy but hard to use due to high energy consumption. The solution is provided by Godrej EON's new Mirror Star series, which delivers on both looks and efficiency. The unique EM5 compressor ensures efficient cooling and is the core for its 5 Star Energy Rating, the highest rating, as per norms laid down by Bureau of Energy Efficiency, Government of India. It saves as much as Rs. 8000 on your electricity bills so that you don't just end up owning an air conditioner but use it too. Mirror Star Series Split Air Conditioners is available in 0.75T, 1T and 1.5T with 5 Star Energy Rating and in 2T with a 4 Star Energy rating which is very unique to the segment itself and the price range is from Rs. 20,790 to Rs. 36,990.

— DNA Mumbai, May 16, 2009

### **LCD television makers eye rural market**

To sustain the high growth of LCD televisions in India, manufacturers are now eyeing the rural segment, by offering a new range of LCDs at low price points. The top three players in the LCD television market, Samsung, Sony and LG are all eyeing a major chunk of the pie from amongst rural populace. The fact that the rural economy is still booming (even as urban India comes to terms with the economic slowdown) has also propelled the manufactures to have a new rural focus.

— The Tribune Delhi, May 16, 2009

### **Beat the heat**

Consumer durable companies like LG, Samsung, Videocon and Daikin have come up with more energy-efficient, more powerful, deodorizing technology air-conditioners for this summer. And these technologies are only going to get more advanced with time. We are likely to witness better room air quality being offered by more advanced filtration systems than the ones existing in the market today. Also, the Bureau of Energy Efficiency (BEE) has planned a directive to make Star Rating compulsory. Thus, the design of products will shift towards increased power-saving technologies like DC inverter, constant speed compressor, etc. "At present, these technologies are available only in high-end cooling solutions, but with more demand for premium products, we will witness these technologies entering the mainstream consumer category also," says Prabal Shekhar, product business head (AC), Videocon group.

— Business India Mumbai, May 17, 2009

### **Sale of air-conditioners yet to hot up this summer in Chennai**

Dealers are unable to tap the potential of the market size of 1.75 lakh units in Chennai, as the sale of air conditioners is yet to increase this summer. More than 50 per cent of the sale will be in March, April and May, says L Ramani, President of Tamil Nadu Air Conditioning Dealers' Association. May is the important month as high temperature and humidity make the environment uncomfortable for residents of Chennai. "Sale of air-conditioners is not encouraging yet," adds Mr. Ramani.

— The Hindu Chennai, May 17, 2009

### **Dumping duty on Colour TV picture tubes from 4 countries**

The Finance Ministry has slapped definitive anti-dumping duty on colour television picture tubes imported from Malaysia, Thailand, China and South Korea. The levy of anti-dumping duty is likely to lead to higher input cost for manufacture of colour television set here. This may also result in television manufacturers hiking colour TV prices.

— Business Line Delhi, May 18, 2009

### **Haier hungry for brand buys**

China's Haier, the world's No. 4 white goods manufacturer, is planning to acquire durables brands in India. "We are looking at brand acquisitions in our domain. Recession has made no impact. We are very much on track and have not shelved any acquisition plans. We are still in discussion." Pranay Dhabhai, whole time director and chief operating Officer, Haier Appliances (India) told The Telegraph. According to sources, the company is ready to shell out anywhere between Rs. 150 crore and Rs. 200 crore for buyouts.

— The Telegraph Kolkata, May 18, 2009

### **LG aims to up mkt share on new launches**

LG Electronics India (LGEIL), a wholly-owned subsidiary of LG Electronics of South Korea, is eyeing a 3% jump in market share and a higher than average industry growth this year on the back of the new series of star-rated colour televisions to be launched soon. "Even though the industry is witnessing a 4% category growth, we, at LG, are looking forward to an optimistic 7% increase in volume at 4 million units by 2009 with our new range of star-rated televisions," said Amitabh Tiwari, business group marketing head, LG India. This would help the company increase its markets share to 30% in 2009 from 27% last year, he said.

— The Financial Express Delhi, May 19, 2009

### **DVD Player makers turn hi-tech to survive**

Consumer Electronics firms in India are increasingly shifting their focus to high-end DVDs with latest features, convergence technologies and home theatre systems. Direct-to-home (DTH) operators offering on-demand movies and online viewing facilities have impacted DVD player sales. While some companies such as Samsung and Godrej Appliances are moving away from basic models of DVD players, market leader Philips is betting on smaller towns for DVD player market in India is estimated at 50 lakh units per annum.

— Financial Chronicle Delhi, May 20, 2009

### **LG unveils star rated colour TVs**

Durables company LG Electronics India has introduced for the first time star-rated CTVs in the market. The company plans to launch 31 models in CTV category which will include 19 flat and 12 ultra slim televisions. The new range of star-rated colour televisions will comply with the guidelines issued by the Bureau of Energy Efficiency. The star-rating label gives the energy efficiency in the form of rating between 1 and 5.

— Business Line Delhi, May 20, 2009

### **Whirlpool set to develop products for Indian market**

Whirlpool India will invest close to Rs. 100 crore over the next three years to develop products for the Indian market. The company has also set aside an additional Rs. 55 crore for marketing and brand promotion during the present financial year to push sales. "We have divided our plans for this year in three parts. First, strengthening our core business of refrigerator and washing machine that contributes 90 per cent of the total turnover. Second, investment on new products and finally growing our smaller business," Whirlpool India vice-president (Corporate affairs and strategy of Asia South) Shantanu Das Gupta said.

— Financial Chronicle Delhi, May 21, 2009

### **Maharaja Whiteline expands home appliances portfolio**

Small kitchen appliances company Maharaja Whiteline is trying to establish itself in the bigger market of home appliances with an array of domestic electrical appliances under its own brand and white goods under its acquired Gem brand. Maharaja, the brand known for its mixer-grinders and juicers, is in the process of rolling out fans, air coolers, water heaters, lights and gas stoves in the domestic electrical appliance segment, whereas its Gem brand of refrigerators, microwave ovens, washing machines and televisions are being launched nationally.

— Financial Chronicle Delhi, May 21, 2009

### **Panasonic to make durables range in India.**

Consumer durables and electronics firm Panasonic India Pvt. Ltd., a wholly-owned subsidiary of the \$90-billion global electronic major Panasonic Corporation (erstwhile Matsushita Electric) of Japan, plans to invest \$ 300 million (Rs. 1,500 crore) in the country in the next three years. A significant portion of this would go into creating facilities to manufacture air-conditioners, washing machines and refrigerators, said Mr. Arjun Balakrishnan, Director - Operations and Planning.

— Business Line Delhi, May 21, 2009

### **Durables cos eye tier II and III markets with new washing machine models**

Following pre-monsoon showers, competition has started hotting up in the Rs. 20,000-crore consumer durable segment in India as manufacturers are in the process of launching new technological washing machines (WMs), apart from increasing penetration in tier-II and III cities to expand reach. The move comes at a time when durable manufacturers are hoping these cities will contribute maximum to their revenues due to emerging demand for branded appliances. Not only that, certain premium durables dealers have started offering discounts apart from offering value-added services to customers on purchase of appliances.

— The Financial Express Mumbai, May 26, 2009

### **Now, health bug bites consumer goods cos.**

Leading Consumer Electronics makers LG, Philips, Samsung and Godrej seem smitten by the health bug like never before. With the GeNext exploring every avenue to remain healthy, consumer electronics biggies are more than eager to play ball. From air-purifier to anti-bacteria notebook keyboards, to nutritional microwaves, to steam washing machines, welcome to the seemingly esoteric realm of healthy white goods. While LG Electronics intends to venture into health products like air and water purifier. Godrej recently did a soft launch of its water purifier in select markets. Even Samsung wants to offer an array of health-oriented features across its products. Philips has already declared its intentions to transform itself to a full-fledged health and well-being company in India by 2015.

— The Economic Times Delhi, May 28, 2009