

Onam sales fail to cheer consumer durable-makers

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Refrigerators and washing machines may pick up by end-September on account of channel inventory build-up. Representational Image (Twitter)

Chennai: Onam festival sales for consumer durables have been weak this time. Companies are waiting for the festive season to further unfold to understand the demand scenario.

Onam is important for consumer durable companies, as usually it is an indicator of the festive season sales. Brokerage Motilal Oswal says the recently concluded Onam festival in Kerala was disappointing, perhaps attributable to surging Covid cases in the state.

According to B. Thiagarajan, joint managing director, Bluestar, "Onam sales were not great and one could not expect much as well because of the surge in Covid cases. Even the previous Onam was not great. Compared to pre-pandemic levels, the sales have been 20 per cent lower.

However, the companies expect the upcoming festive season to fare better than Onam this time, as the cases have come down in other markets and the June-July period saw some recovery in sales. IFB Industries saw fairly substantial demand in June and July.

"However, there is no pent up demand this time. The penetration is strong and customers are upgrading their houses. These could drive festive season sales this time," said Thiagarajan. According to him, the last festive season touched 85 per cent of the pre-pandemic sales and this time it would be 100 per cent.

If that happens, annual sales could return to pre-pandemic levels, assuming there is no third wave of the pandemic. For white goods, the two-year revenue CAGR stood in the range of -10 per cent to -30 per cent, with room air-conditioner companies affected the most due to the washout summer season. Voltas expects FY22 industry volume growth to be lower compared to FY20 levels.

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Consumer durable companies had hiked the prices by 4 to 6 per cent in the first half of 2021. Motilal Oswal expects white good makers to go in for further price hikes this calendar year.

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