

 **CONSUMER DURABLES**

11 September 2024

**Channel check: Festive season outlook vibrant**

- **Strong consumer interest drives demand for high-end electronics, with Voltbek emerging as a key player**
- **Washing machine sales rebound with growth in front-load models and high-capacity options**
- **Positive sector outlook as stable pricing and festive optimism likely to boost consumer durables space**

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We interacted with consumer durables dealers across India to gauge the festive season demand. These are our key takeaways:

**Robust August sales signal strong demand ahead of festive season:** The demand environment remains strong as dealers report robust sales and increased footfalls for August, buoyed by the upcoming festive season. The Independence Day sale on 15 August witnessed double-digit footfalls and marked one of the best performances in recent years.

**Rebound in demand:** Throughout August there was a notable rebound in demand, with double-digit growth observed in both large appliances and electronics. Despite a price hike in June, brands have refrained from further price increases due to stable commodity prices. The average selling price for large appliances has risen by ~15%, driven by a surge in demand for premium products, spurred by attractive financing options provided by brands.

**Strong demand for premium electronics:** Dealers have reported robust demand for high-value electronics, encompassing a range of products such as washing machines, laptops and mobile phones. We believe this uptick in interest highlights a robust market for large appliances and cutting-edge technology, underscoring a broader trend of increased consumer investment in essential and high-performance devices.

**Revival in washing machines:** After a slow start to the season, sales of washing machines have rebounded significantly. Front-load models are leading this resurgence, growing more rapidly compared to other types. Consumers are increasingly opting for washing machines with capacities exceeding 9kg, favouring them over smaller models. The introduction of new AI-enhanced features by various brands has further stimulated demand. Leading the market in this segment are LG, followed by Samsung, Haier, Bosch, and Whirlpool.



**Rising stars in appliances preferences:** Dealers report that customers are increasingly favouring brands such as Volt-Beko, Lloyd, Whirlpool and LG. Voltbek is emerging as a brand to watch, gaining significant traction among buyers. While Voltbek is making its mark, Lloyd, Whirlpool and LG remain consistently strong brands in the market as per consumer preferences.

**Sector outlook remains bright; positive trends ahead:** We maintain an optimistic outlook for the consumer durables sector, buoyed by encouraging feedback from industry channels and positive sentiment among major dealers for the upcoming festive season. We expect the strong demand trend observed post-summer, combined with stable pricing to benefit the industry. The stable pricing environment and rising demand suggest a stronger-than-expected performance for companies. With festive optimism and robust B2B activity reflected in strong orders and lower inventory levels, we anticipate better-than-expected growth for our coverage universe in the coming quarters.

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