

RESEARCH
CONSUMER | CHANNEL CHECKS

Eastern Encounters: Value-driven, price-conscious market

Daily macro indicators

Indicator	15-Dec	18-Dec	Chg (%)
US 10Y yield (%)	3.91	3.93	2bps
India 10Y yield (%)	7.16	7.16	0bps
USD/INR	83.00	83.06	(0.1)
Brent Crude (US\$/bbl)	76.6	78.0	1.8
Dow	37,305	37,306	0.0
Hang Seng	16,792	16,629	(1.0)
Sensex	71,484	71,315	(0.2)
India FII (US\$ mn)	14-Dec	15-Dec	Chg (\$ mn)
FII-D	185.3	311.6	126.3
FII-E	416.8	1,230.7	814.0

Source: Bank of Baroda Economics Research

SUMMARY
CONSUMER: CHANNEL CHECKS

- We followed up our Southern Sojourn with on-ground channel checks in India's eastern states of Odisha and West Bengal
- East India proved to be a value-driven, price-sensitive market dominated by local brands; premiumisation is limited to urban pockets
- NEST drew the most positive feedback from dealers we met, with ITC close on its heels – both are our top picks along with HAVL

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As part of our [regional on-ground checks](#), we visited nine key markets in India's eastern states of Odisha and West Bengal over six days in December. Our interactions with ~20 dealers of consumer goods and durables across categories gave us constructive insights into the region's demand trends and competitive landscape.

Value-driven market: Our dealer checks revealed that the eastern region is a value-conscious, price-sensitive market that attracts strong participation from regional players. The east is yet to experience the premiumisation trends pervading the south, though dealers did point to stronger demand for high-end products in the northeastern markets. In the state of Odisha, which is more dependent on agriculture for income, unseasonal rains have diluted festive demand.

Festive season fails to light up staples demand: Diwali sales of staples were slower than dealers anticipated, but spending surged during Durga Puja – a bigger festival in the east. The food category continues to do well, and our checks across locations indicate that NEST has seen sustained growth. In non-food, the general trade segment was flat while modern trade fared well. BRIT saw lower stocking in the biscuits category due to its stricter return policy than competitors. In beverages, dealers estimate that tea accounts for ~90% of the market and coffee is only now gaining a toehold.

The big fight for durables: The consumer durables space in the east is highly competitive and players sporadically resort to aggressive pricing tactics to disrupt the market. Dealers promote companies that offer the best incentives, which plays a key role in determining which goods are pushed to consumers. For products that are both B2B and B2C, such as cable and wires, dealers feel at a disadvantage as companies compete with them for project-based sales. This happens with supply to modern trade too. Credit terms are 60-90 days for dealers depending on the product.

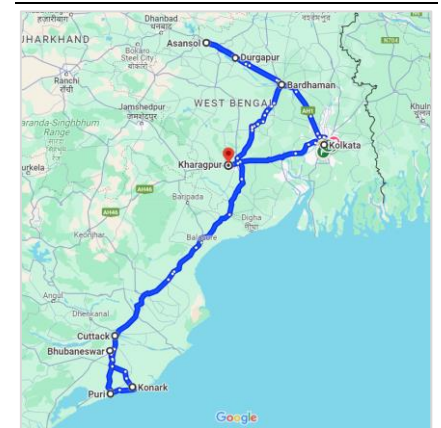
Stock picks: NEST (BUY, TP Rs 28,260) received the most positive feedback from dealers, followed by ITC (BUY, Rs 523) – both of which are our top staples picks. Reviews for BRIT and HUVR were mixed. In the consumer durables space, we prefer HAVL (BUY, Rs 1,600) as a play on ongoing demand recovery.

Recommendation snapshot

Ticker	Price	Target	Rating
BRIT IN	4,880	5,844	BUY
HAVL IN	1,346	1,600	BUY
HUVR IN	2,536	3,069	BUY
ITC IN	452	523	BUY
NEST IN	24,354	28,260	BUY
TATACONS IN	950	1,038	BUY
VGRD IN	291	300	HOLD

Price & Target in Rupees | Price as of 18 Dec 2023

Places we visited



Odisha

Bhubaneswar	Puri
Konark	Cuttack

West Bengal

Kolkata	Durgapur
Asansol	Kharagpur
Burdwan	



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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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