



AC sales return to pre-pandemic level

SUKANTA HALDER

Air conditioner (AC) sales are growing steadily in Bangladesh thanks to increased demand from the country's upper middle-class, modern offices and factories as consumers seek to escape hotter summers.

The months of April, May and June mark the peak season for outlets retailing ACs as the temperature rises from March. About 90 percent of the

ACs sold each year are bought during this quarter.

"Sales have been very good between March and April. If you compare the 2019 season with this season, business has returned to pre-pandemic levels," said Tanvir Rahman, chief business officer of Walton Air Conditioner.

Compared to 2019, there has been a decrease in the number of middle-class buyers because of the COVID-19 crisis and inflation.

"This year, ACs in the range of BDT 46,500 to BDT 67,500 have been selling more," he said.

The retail growth till April this year was 157 percent compared to the same month in 2019, Rahman added.

He went on to say that AC prices have increased by 4.50 to 5 percent due to an increase in raw material prices and freight costs in the global market.

Rahman expects to sell around 4 lakh AC units by the end of the season

this year.

"Due to the price advantage, there is a distinct enthusiasm for Walton ACs among the higher middle class. Apart from this, the upper class is also showing interest in buying Walton ACs thanks to some unique features," said Rahman.

Nurul Afsar, deputy managing director of Electro Mart Ltd, the distributor of Gree ACs, echoed Rahman on the topic of retail growth. The company has witnessed retail growth of about 25 percent so far this season.

"Now there are more sales compared to 2019, when AC sales were city centric. Now, a good number of buyers have been created outside Dhaka," he said.

There is a technical cooperation between Konka and Gree with discussions being held between the companies on whether to capture the market in neighbouring countries from factories in Bangladesh.

Afsar then informed that they had set up a factory at Sonargaon in 2018 to produce electronic products. The factory was there before them, but only for assembling other products. Refrigerators then started being produced there through a joint venture with Konka and in 2020, the production of ACs jointly with Gree started.

In Bangladesh, ACs used to be a luxury even a decade ago, with only the affluent and upper-class being able to afford them. However, with growing income in the past decade, affordability has increased.

"You will see a lot more families purchasing ACs. And most of their choice remains Samsung," said Shahriar Bin Lutfur, director and head of business of consumer electronics of Samsung Bangladesh.

This season, Fair Group is also receiving a higher response.

"We have set a target to sell 30,000-40,000 units of ACs. Our sales growth is quite good," said Mohammed

Mesbah Uddin, chief marketing officer of the company.

The exact sales data on the AC market is hard to come by.

Retailers say the sales of ACs will reach 5-6 lakh units in 2022 and the market size will expand to BDT 4,000 crore.

Samsung has slashed AC prices by 15 percent to 17 percent from a year ago, which helped it post a 212 percent sales growth from last year to date.

The market has expanded by 23 percent compared to a year ago, said Lutfur.

According to Saikat Azad, marketing manager of Transcom Digital, ACs in the price range of BDT 40,000 to BDT 42,000 are selling more.

He said till now, the business has been 80 percent this season as they could achieve their expected sales. Efforts have been made to do 100 percent business by reducing prices, increasing discounts, and campaigning.

These 20 percent buyers are the middle-class who could not buy ACs this time due to the COVID-19 crisis and inflation, he said.

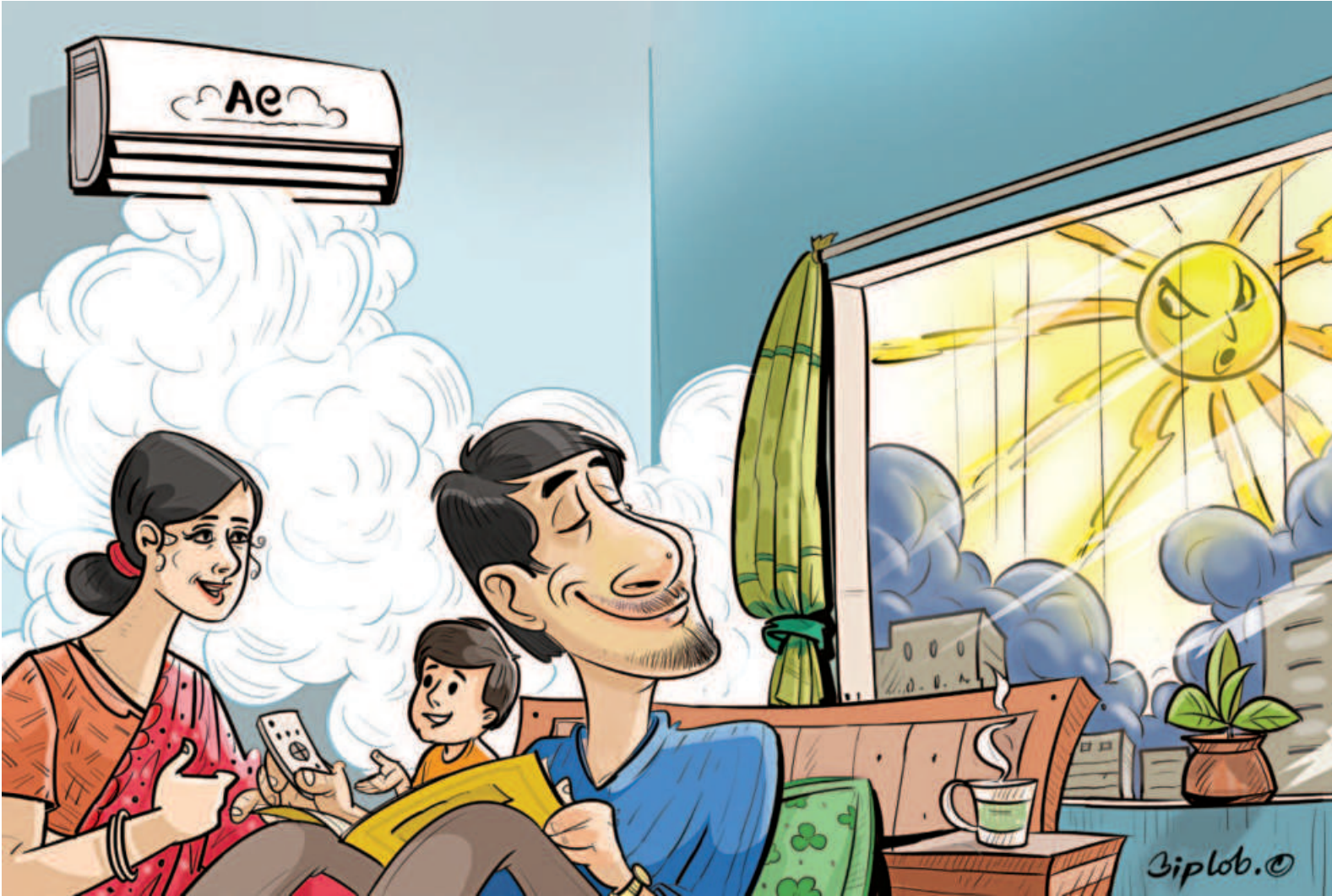
Azad said this time good features and power efficient ACs are selling more. The retail growth till April this year was 10 percent to 20 percent as compared to 2019.

Due to the increase in the price of raw materials, owing to higher shipping costs and supply chain disruptions, the price of ACs has gone up in Bangladesh by as much as 5 percent.

In order to drive sales this year, manufacturers and retailers have come up with equated monthly instalment (EMI), exchange offer, discount and cash back facilities for AC buyers.

Region-wise, almost 65 percent of the ACs are sold in Dhaka city and the rest in divisional cities and district headquarters, according to retailers.

ILLUSTRATION:
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