

Fridge in high demand despite economic crisis

FROM PAGE 1

In addition, a rise in the number of small families and female employees, suburbanisation process through electrification in rural areas, affordability of locally built refrigerators and buyer friendly conditions have also spurred demand.

As per the study, the refrigerator market was monopolised by foreign brands until 2010, when the market share of domestic brands was negligible.

Since 2010 however, foreign brands have been increasingly losing market share to domestic brands and as a result, Bangladesh no longer has to spend as much foreign currency on international brands.

At the same time, development in the industry has shown that the standard of living of people in Bangladesh is improving. In the five years between 2015 and 2019, the refrigerator industry has grown at an average rate of 15 per cent.

However, in the case of three categories of refrigerator products, the growth rate varies widely. For example, the growth rate of frost refrigerators is 10.5 per cent, non-frost refrigerators 40 per cent and chest refrigerators 11 per cent.

This growing demand for domestic brands is driven by the ever-increasing use of new technologies, such as automatic temperature control systems, energy-efficient inverter technology, real-time temperature displays, turbo mode, supercool mode, and so on.

Walton, Marcel and Jamuna Electronics are leading pioneers of domestic brands in using such technologies.

Rahman said there is a customer segment who prefer high-end products and their numbers will increase day by day along with the country's economic growth.

Samsung has about 41 locally assembled models of refrigerators circulating in the domestic market.

However, refrigerator prices will increase as the government proposed imposing 5 per cent value-added tax (VAT) on locally made units.

The previous VAT exemption for locally produced air conditioners, refrigerators and freezers created an interest among home appliance makers in Bangladesh as firms were increasingly setting up full-fledged facilities, cutting their reliance on assembly.

For the last decade, the National Board of Revenue has been encouraging the

manufacturing of major home appliances by withdrawing the indirect tax on the required raw material imports and production.

Initially, only a few came forward to avail the benefit.

The revenue authority began to register increased applications from local electronics sellers in 2017 as they looked to stay competitive since a 15 per cent VAT waiver provided a considerable advantage in terms of pricing.

Now, 10 local companies are making refrigerators, freezers and air conditioners.

According to industry insiders, the imposition of 5 per cent VAT will create the burden on consumers as prices will increase on this basis.

"Sales are still as usual like previous years. The situation may improve within the next couple of weeks," said Manzurul Karim, general manager of Esquire Electronics, the local distributor of Japanese brands General and Sharp.

According to him, they had to adjust prices due to the increased dollar price.

Karim said the sales growth was predicted to increase by at least 25 per cent this year as the economy has recovered from the pandemic.

However, the inflationary pressure caused for a number of reasons has prevented the predicted growth as customers are not able to spend as much money on purchasing home appliances, particularly refrigerators, ahead of Eid-ul-Azah.

Among local brands, Walton led the way in local production by setting up a manufacturing plant in 2008. In 2016, the company even started manufacturing compressors, which is a vital component for refrigerators.

Transcom Electronics, Minister, Vision, Jamuna, Singer Bangladesh, and Samsung later joined Walton as they are either locally manufacturing or assembling refrigerators. Higher electricity generation has also helped the sector grow.

Walton's manufacturing capacity has reached around 14,000 units per day in more than 200 models including all categories with prices ranging between Tk 12,990 and Tk 99,990.

Anisur Rahman Mollick, chief business officer, Walton Refrigerator claimed they have achieved around 75 per cent market share refrigerator segment in local market

as they produce products for lower middle class to high end customers.

Besides, Walton offers one-year replacement guaranty, and 12 years' compressor warranty including five years after sales services at free of cost, he said.

According to him sales growth is better than last two years while the record will not be outstanding due to ongoing reality of the economy.

Transcom Electronics started to assemble refrigerators in 2014.

Established in 2016, Vision Electronics, a sister concern of Pran-RFL Group, manufactures 10,075 units of refrigerators annually at its factory in Palash upazila, Narsingdi.

Vision has more than 100 glass door models, spacious chest freezers, a good range of mini-fridges and all the supportive categories required in the Bangladesh market.

Korean electronics giant Samsung partnered with Fair Electronics to establish a manufacturing plant in Narsingdi in 2018. The plant has a manufacturing capacity of 400,000 units per year.

Japanese brands are not yet interested in setting up manufacturing plants in Bangladesh as the market size is not big enough for them.

The estimated size of the domestic refrigerator market in 2021 was \$779 million. According to data from the Export Promotion Bureau, the value of refrigerator and equipment exports accounted for \$12.263 million in FY 2021.

FACTORS BEHIND THE GROWTH OF REFRIGERATOR SALES

Rising per capita income of the people helped the industry during the last decade as Bangladesh's per capita income reached \$2,824 this fiscal year while it was \$781 in 2010.

The companies are providing equal monthly instalment facilities to customers, which helps increase sales as customers feel encouraged to purchase refrigerators.

The companies also appoint dealers in rural areas to reach the products to the peoples' doorsteps. For this reason, sales have increased in rural areas.

Besides, during the last one decade, the country's infrastructure development contributed to the growth in sales of refrigerators in the country as well.

The best new prolonged, cheap preservation solutions

FROM PAGE 3

"This makes them suitable for both small and large families while the powerful and durable compressor with longer cooling retention keeps food items fresh for a longer period of time," Saleh added.

The chief operating officer went on to say that the focus at Rangs eMart is ensuring a customer experience that allows them to make the right decision when purchasing their desired product.

"Also, we proudly assure to provide the best service for every type of product which helps to retain the ultimate customer satisfaction," he said.

Electra International, another one of the oldest and largest privately owned consumer electronics manufacturers in the country, retails its own brand of chest freezers that are up to date with all the modern technologies, said Muhammad Mubarak Hossain, the general manager (sales and marketing) of the company.

This includes the use of R600a refrigerant to minimise damage to the ozone layer, inner sliding doors and materials that are safer for human health.

Other than that, the company's units come in a host of different colours as well as stainless steel bodies, he added.

Bangladesh's next step in refrigeration

FROM PAGE 4

There are newer thermal electric chips that are slowly entering the market, but the use of such chips is still not as widespread as the compressor technology, due to inherent technical issues.

Improved energy efficiency

Today, fridges are 60 percent more energy-efficient than they were 10 years ago. The top-of-the-line refrigerators only consume around 0.2 kilowatts of energy per hour.

While on the topic of energy efficiency and refrigerators, the R600a gas needs to be mentioned. Refrigerators that use R600a are much more energy-efficient and environmentally friendly. This gas also doesn't adversely affect the ozone layer.

SINGER Bangladesh's Senior Manager of Marketing & Communications Raziur Rahman stated, "We introduced R600a gas technology in our refrigerators around seven years ago, and this has since been adopted by the industry at large."

Most developed countries around the world have been using R600a for a long time now. The use of this gas has been increasing all over the world, including Bangladesh. Walton Bangladesh has also been using R600a as an alternative gas for some of their refrigerator line.

There is the possibility that we will reduce energy consumption by another 50 percent within the next 10 years, possibly even more. This could happen due to current developments being made on the cooling systems and the continuous improvements of compressors.

The local refrigerator market is estimated to keep growing, with units sold numbers estimated to reach as high as 50 Lacs. With local brands taking control of the market, refrigerator prices will continue to grow more competitive. The future of refrigeration in Bangladesh seems bright at the moment.

RANGS eMART

Redefining Electronics Shopping



Largest number of authentic brands under one roof in Bangladesh

SAMSUNG

HITACHI



TOSHIBA

Panasonic

Hisense

TOSHIN

ASTRA

☎ **16607**

www.rangsiindustries.com