

Orient Electric's love for summer

- ◆ We plan to become top 2 in air cooler segment: Sr VP
- ◆ Says tier II towns are more attractive as sales are more

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With every summer comes emphasis on electronics that make bearing the brunt easier. However, with rising costs, consumers have been looking at cost-effective and efficient electronic items that would keep their bills at bay.

Although air conditioners take the centrestage in electronic sales during summer, air coolers have a strong market to themselves. Orient Electric had recently launched its new air cooler product range in the market. The products are Internet of things (IoT)-enabled as well.

News Today had the chance to speak with Saurabh Baishakhia, the Senior VP and business head - Appliances at Orient Electric Limited (OEL).

Excerpts from the interview-

Q: What was the idea behind launching IoT-enabled cooler range?

A: The idea was that more and more people are getting connected nowadays and most homes are moving towards a comfortable environment. IoT technology gives them (consumers) the power to operate electronics from any place, any time. The kind of technologies give consumers the freedom.

Q: Why coolers and not air conditioners?

A: It is because we are in the space of air coolers and these also cost-effective (comparatively). It is a great product for dry climate. The middle class buy air coolers after fans. They do have air conditioners



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but not with IoT technology.

Q: With more and more devices getting connected, data security is a concern as well. How is OEL planning to address this?

A: Currently, we are looking at

R&D EXPENDITURE

'Currently, we are spending close to four to five per cent of our revenue for developing new products. The portion of the revenue for R&D will increase in the next three to four years. We will continue to invest in new technology and find better ways to bring value to the consumer. We plan to launch new products across our appliances range,' the Sr VP said.

providing convenience to our customers. The necessary checks and balance have been put place. We have made sure that the products are safe. We are GDPR compliant. It is the highest level of security that is there. When India's data localisation norms kick in, we will see. As it happens, we are making sure that we follow the protocols.

Q: Explain to us the importance of Chennai and TN market for your firm.

A: Chennai market is a 1.5 lakh units market. The cooler sales are high at Salem, Tirunelveli, Tiruchi, Vellore, etc. We have been able to put together a line-up that meet the consumer needs. People like good air-throw in this market and they want instant cooling. We have put a specially designed fan in our coolers and we have been able to put together new designs as well. The price range of our IoT coolers start from Rs 8,990 and go up to Rs 18,990.

Q: A word on the Indian market size for air coolers



GST EFFECTS

'When GST came in, we felt it will support the organised industry. But, as things have come out, it has not really got to that level. GST has given us an even-playing ground. It took sometime to settle. As of now, I think it has not done enough to support the organised market,' said Saurabh.

A: The Indian market size is seven to eight million units, out of which the organised sector takes three million units. We are targeting 12 per cent share in the market.

Q: Would OEL targeting tier II and tier III cities mostly?

A: Yes. More than 75 per cent sales come from tier II and III cities. Currently, what we are finding is that desert coolers and larger coolers, which are more effective,

are bought by people who have larger homes. People in the cities buy small coolers which occupy 20-30 per cent of our sales. The larger coolers are sold in dry areas and tier II and III towns. So, most of the sales come from there. They are naturally attractive markets and on the basis of that, we have been working on improving our sales there.

Q: How are your online retail sales at the moment?

A: Currently, our focus is more on developing retail channel. Having said that, our contribution of sales coming from online space is very small. It is around one to two per cent only.

Q: Brief to us your expansion plans

A: We are looking at a presence of around 10,000 outlets all over

the nation. Currently, we are at around 8,000 of them. The focus is not only to improve reach but also to improve traction through our marketing programme in our stores and our focus is to be on top in 150 towns. That is our expansion plan.

Q: How difficult is it to lure in younger gen customers?

A: Their key buying factors are many. They are rationalised and seek instant gratification. Currently, consumers want a product that is good to look at and at the same time easy to buy.

We have brought in affordability as part of our growth strategy. We have been able to give them benefits which are meaningful. Even the charges are very rationalised. Our IoT enabled devices are in a disruptive price point.

Q: Could you tell us about growth plans of the firm?

A: We are looking at growing 30-35 per cent in appliances business. We are only four years into the business and we are aiming to be one among the top three players in coolers and water heaters. Our appliances cater to 20 per cent of our business and we have our own designs and technology. We work through contract manufacturing.

Q: What are your long-term plans?

A: We look at our plans every two years. But for appliances, our long-term plan is to be one among top two in coolers and in the top three when it comes to water heaters.