

Consumer durables see premiumisation shift in 2023, affordables lag

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The consumer durables sector, which saw growth aided by the Cricket World Cup this year, also witnessed a growing trend in premiumisation on the back of higher aspirations of consumers, rising disposable incomes and increased promotional offers.

The premiumisation trend was visible among all key categories like televisions, refrigerators, and washing machines.

The affordable and entry-level segment in these categories has been declining or has registered only a marginal growth, as more consumers are now choosing to trade-up for feature-rich products.

According to intelligence firm GfK's Consumer Life study in 2023, 45 per cent of consumers said that they were "prepared to pay more for products that make their life easier".

The data shared by GfK shows premium products across categories registered strong growth, both in terms of value and number of units sold in the offline retail channel.

The premium refrigerator segment grew at a compound annual growth rate (CAGR) of 3 per cent in volume terms in the January-October period in 2023 when compared to the same period in 2022. The affordable segment in the category declined by 5 per cent.

In the same period, the premium segment volumes for panel televisions increased by 3 per cent, as compared to

TRACKING THE TREND

(Y-o-Y chg for Jan-Oct 2023)

Category	Overall growth (%)		Premium (%)		Affordable (%)	
	Value	Volume	Value	Volume	Value	Volume
Refrigerator	-7	-4	5	3	-7	-5
Panel television	3	-6	14	3	-4	-17
Smartphone	-2	9	47	46	-5	-4
Laptop	-17	-14	6	8	-8	-8
Washing machine	-2	-0.5	9	10	0.1	11

Note: Y-o-Y comparison between Jan-Oct 2022 against Jan-Oct 2023
Sources: GfK Market Intelligence, retail point of sales offline tracking

a 17 per cent decline in volumes in the affordable segment.

Premium refrigerators include side-by-side and double-door models, while premium panel televisions are Ultra HD

and 55-inch and above.

"We witnessed a significant spike in sales of 55-inch, 65-inch, and 75-inch models. In Blaupunkt, we have decided to discontinue the 32-inch size in 2024,

as sales of larger screen sizes have grown by 150 per cent for us," said Avneet Singh Marwah, chief executive officer at SPPL, which has the exclusive brand licence of Blaupunkt TVs in India.

Companies say that this trend of premiumisation is also fast catching on in Tier-II and Tier-III cities.

"We saw an increased appetite for premium innovations during the festival season. We are keeping a lot of investment aside for Tier-II and Tier-III towns. The consumer from these geographies is very aspirational," Gulbahar Taurani, MD and chief executive officer, Versuni, had told *Business Standard* earlier.

Talking about this trend, Avinash Pathak, a research analyst at LKP Securities, said, "The consumer durable industry in 2023 witnessed consumers returning to normalcy with a significant rise in demand for premium appliances. Value proposition appliances that offer connectivity, convenience, comfort, and energy efficiency too continued to grow."

