

## Store strategy: Consumer durables sector better prepared for Covid this time around

Nandana James Mumbai | Updated on April 06, 2021



Companies look to ensure business continuity by de-risking production, logistics; digitisation of service

Having battled Covid-19 over the past year, consumer durables companies say they are now well-prepared to ensure business continuity amid the second

wave of the pandemic — through initiatives like maintaining higher inventories, digitisation of after-sales services, reactivation of rapid task forces, as well as measures to ensure de-risking of logistics, production, supplies and inventory levels.

Besides, due to factors like pent-up demand, continued work from home, spike in summer temperatures — which aid sales of cooling products — as well as vaccination drives, consumer durables players told *BusinessLine* that they expect good demand.

The daily Covid-19 cases in India crossed the one lakh-mark for the first time on Sunday, bringing in their wake lockdowns and restrictions in many places.

### Learnings from last year

“While the pandemic caught us off guard last year with the nation-wide lockdown, Panasonic is now well-prepared with stocked inventory... With a few States levying partial lockdowns, we anticipate some disruptions in the supply chain across regions. However, with the kind of growth we have witnessed in the last few months, we are positive that the trajectory will remain steady, primarily due to the early onset of the summer season, coupled with the pent-up demand from the last year,” Manish Sharma, President & CEO, Panasonic India & SA, told *BusinessLine*.

“With the learnings we have gathered over the last one year, we are now better prepared to ensure smooth functioning and business continuity,” said Sharma, adding that Panasonic is continuing with the efforts it introduced last year. It had formalised a Covid task force to review the situation real time and create simulations around predictive initiatives for all stakeholders, and this continues to be in play. The company’s manufacturing plants and retail units remain

segregated into zones, ensuring staggered shifts, with extreme sanitisation measures being taken, said Sharma.

“Learnings from the last year have equipped us to approach Business Continuity Planning much more effectively with our teams already knowing what to do — we are preparing action steps for current restrictions as well as potential scenarios that may emerge in various parts of the country; this includes part de-risking of our logistics, production, supplies, inventory levels and storage as well as reviewing project execution plans and timelines,” said Anuj Poddar, Executive Director, Bajaj Electricals Limited.

“We are also engaging with various business associates — customers, channel partners, supply partners, etc — to review SOPs to deal with health concerns as well as operational restrictions,” added Poddar. “At this point we are not making any material changes to our budgets or financial plans for the new fiscal.”

### **Supply chain strategy**

At Voltas, too, Pradeep Bakshi, Managing Director & CEO, Voltas Ltd, said that the company is well-prepared to handle the second wave of the pandemic efficiently and ensure business continuity. Voltas is digitally enabling after-sales service initiatives through online content. “Throughout the lockdown, we have been providing virtual servicing and sharing online DIY (do it yourself) videos that helped consumers to resolve maintenance concerns. In addition to this, we have a robust feedback mechanism in place to ensure high standards and continued focus on customer service,” he explained.

Even before the government’s announcement about the lockdowns and restrictions in Maharashtra, Mumbai-based Blue Star put in place an operating mechanism, said B Thiagarajan, MD, Blue Star. From testing employees regularly to reactivating the company’s rapid response team, Blue Star has been activating its protocol to deal with Covid-related disruptions — gleaned from the past year’s experience of dealing with the pandemic — over the past 15 days or so.

Following the key concern of supply chain disruptions, companies are considering changing the supply chain strategy by evaluating alternative sourcing options, diversifying production footprints, local sourcing, rescheduling production to prioritise items for raw material shortage as well as maintaining higher inventory buffer beyond historical averages, said Isha Chaudhary, Director, CRISIL Research. The pandemic has prompted firms to ramp up supplies online and forge tie-ups with hyperlocal delivery partners, she added.

### **White goods demand**

The second wave has not yet had a negative effect on consumer sentiment, noted Kamal Nandi, Business Head and Executive Vice-President – Godrej Appliances. “The industry sales of air-conditioners have increased in most parts of India. Given the spike in summer temperatures and with widespread vaccination drive, if we are able to curb the spread of infection, we will witness higher demand for cooling categories. The pent-up demand and continuation of work from home will also create additional demand for cooling products, particularly ACs and air coolers,” he explained.

With the second wave of pandemic hitting several cities, people are already looking for white goods that help with the burden of household chores, said Bakshi. “We expect this demand to be high in the coming few months as well, owing to an increased need for automation of household chores due to the continued work-from-home culture,” he explained.

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