

ACE

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MANUFACTURERS ASSOCIATION (CEAMA)

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TRADE
TALK

The Journey of Saral Marketing

CEAMA recently met Mr. Shree Raj Khater, Saral Marketing, and got an opportunity to understand the vision and strategy behind a family-owned consumer durables business.

"Pray as if it's up to God, work as if it's up to you." This is one of the many gems of learnings that Shree Raj has learnt from his father, Mr Sampat Raj Khater, owner of Saral Marketing, an entrepreneur ahead of his times and a philanthropist at heart. Shree Khater has been a witness to the ups and downs in life from a very young age when, in 1999, his father had to shut down his highly-lucrative air conditioner, air coolers and steel cupboards manufacturing business "Swizer Industries" in Bihar due to highly volatile political situation and move base to Jaipur, Rajasthan.

Established in 1999, Saral Marketing began its journey as a wholesaler and distributor of consumer electronics for brands such as Godrej, LG, Videocon, and Sansui, dealing in colour televisions, refrigerators, and washing machines. Under the continuous tutelage of their father, Shree Khater and his brother have expanded their business, venturing into production of their own LED panels under the brand name of "Swizer" since early 2019, along with being distributors for Godrej products, having built a strong community of more than 70 dealers.

Being part of the consumer electronics and appliances sector that underwent drastic changes due to India's economic liberalization, one reaped the benefits of more lenient policies for entry of foreign brands into the country, adoption of economies of scale in production and new and diverse sectors such as technology and consumer durables becoming prominent. However, while cashing in on the changing consumer preferences and influx of multinationals, Saral Marketing faced quite a few obstacles. Sharing his views, Shree Khater shared, "The industry had been growing by volumes and would continue to do so, but, needs better direction and regulation."

According to him one of the major issues has been the lack of standardization in margins across the channel partners dealing in the same brand, especially with online channel partners being on the rise, there has been disparity in the sector. He further elaborated, "There is a constant price war between online and offline channel partners with variance in margins as huge as 5% to 10%, resulting in imbalanced market equilibrium and unfair trade practises. As distributors of foreign brands, the company has faced these issues. Unless the variance is brought down to a maximum of 1%-2%, this industry would not be able to flourish."

Walking the talk, the company, at the time of launching its own product of LED panels, offered a standardized 10% margin to its dealers, ensuring mutual benefits for both the business and its partners.

Talking about how his father has been the driving force behind him, Shree Khater shares another one of the golden nuggets from his father's teachings that he regularly applies at work, which is "Give money as per your own choice, but once you have given it, return would



be as per that person's choice, not your choice." This principle of "trust" applied in business to deal with vendors and dealers etc., has resulted in building and maintaining a strong network of dealers and customers. Saral Marketing is known to provide seamless and hassle-free customer services, with the after-sales service being as short as three hours from the time of request, irrespective of the time it was logged in.

While discussing the key categories driving demand in this industry, Shree Khater mentioned that LEDs would always have continuous and upward demand curve due to factors such as changing user preferences, technological upgradations, purchasing power, etc., that makes this product's shelf life shorter as compared to what it was twenty years ago. However, he blamed the drop in conventional televisions demand due to smartphones becoming the latest mode of viewing movies, shows, etc. With live streaming apps available, today, the consumers prefer investing in a good smartphone instead of a television set. Washing machines is another category that would always witness regular and steady growth due to its usage. Due to wear and tear, this product often gets replaced in 5-7 years. Refrigerators, on the other hand, do not see as much demand as compared to washing machines, unless the need changes, such as family growing or a need for bigger model of refrigerator by the consumers. Talking about where air-conditioners stand, Shree felt that with increasing incomes, the erstwhile luxury goods has now become a necessity.

Moving with the times, Shree Khater feels that in the current market trends are leaning heavily towards tailor-made products, customization being the magic word. Giving a recent example of customized LED panel having inbuilt home theatre, he believes the users are highly knowledgeable of latest technology, more clear with what they want, at the price they are willing to pay for the same. Also, as per him, smart TV and smart appliances, with cheaper internet costs and online streaming are here to stay. The consumer is also looking at purchasing certified products, unlike earlier when products from unorganized markets were also part of their purchase list.

Talking about expansion plans, the company has already made serious in-roads in marketing its own brand "Swizer" LED TVs, production of which started only four months ago. Tapping into various advertising avenues like print and social media such as Facebook, Instagram, and twitter, the company promises to bring to the users, a product with class viewing, superior quality at an affordable price. Making the product easier to purchase, Saral Marketing has entered into tie-ups with HDFC bank for providing financing and EMI options to its buyers.

Apart from being an enterprising businessman, Shree is a simple, down to earth person, with multitude of hobbies and interests, ranging from studying Lord Mahavira's preachings to practising alternative medicines. His favourite time of the day is when his father shares his life's experiences and learnings with him, providing him with real life tools to handle any adverse situation in life.