Strategic Analysis of Unitary HVAC Systems in India
Immense Growth Opportunity for New Entrants
Executive Summary

• Low market penetration has attracted a large number of multinational brands to invest in the Indian unitary heating, ventilation, and air conditioning (HVAC) systems market.

• The market is swiftly moving toward more energy-efficient products, with Bureau of Energy Efficiency (BEE) periodically updating the rating norms for air conditioners (ACs).

• New companies may enter the market while existing market leaders may lose their share due to the high growth rates exhibited by a few Japanese companies and small companies.

• A shift in the marketing trend has been observed wherein focus is moving toward Internet marketing and promotion timing is becoming crucial.

• Local manufacturing is gaining importance to decrease product cost. Research and Development (R&D) expenditure will increase as innovation is imperative to survive in the market.

• Market is becoming more competitive as companies are increasing their product portfolio to cater to all segments.

• The unitary HVAC systems market generated ₹126.42 billion in 2013, growing by 25.6% as compared to the 2012 level.

Source: Frost & Sullivan
# Executive Summary—Market Engineering Measurements

## Total Unitary HVAC Systems Market: India, 2013

### Market Overview

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Stage</td>
<td>Growth</td>
<td>Growth</td>
</tr>
<tr>
<td>Market Revenue</td>
<td>₹126.42 B</td>
<td>₹308.60 B</td>
</tr>
<tr>
<td>Market Units/Volume</td>
<td>4.5 M</td>
<td>4.5 M</td>
</tr>
<tr>
<td>Average Price Per Unit</td>
<td>₹28,093</td>
<td>₹28,093</td>
</tr>
<tr>
<td>Market Size for Last Year of Study Period</td>
<td>₹308.60 B</td>
<td>₹308.60 B</td>
</tr>
</tbody>
</table>

### Base Year Market Growth Rate
- **25.6%** (CAGR, 2013-2018)

### Compound Annual Growth Rate
- **19.5%**

### Customer Price Sensitivity
- **8** (scale: 1 [Low] to 10 [High])

### Degree of Technical Change
- **8** (scale: 1 [Low] to 10 [High])

### Market Concentration
- **64.0%** (% of market share held by top 5 companies)

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For a tabular version [click here](#).

Note: All figures are rounded. The base year is 2013. Source: Frost & Sullivan
Executive Summary—Market Engineering Measurements (continued)

Competitor Overview

- Number of Competitors*: 13–15 (active market competitors in base year)

Total Addressable Market

- Replacement Rate: 4–5 Years (average period of unit replacement)

Industry Advancement

- Average Product Development Time: 1–2 Years
- Average R&D Spend: ₹300–350 M
- Marketing Spend as a Percent of Market Revenue: 3.0–5.0%

*Companies with revenue of more than ₹3 B

Note: All figures are rounded. The base year is 2013. Source: Frost & Sullivan
Executive Summary—CEO’s Perspective

1. Window ACs will lose their market share in the overall unitary HVAC systems market.

2. Inverter ACs will gain market at a fast rate with more knowledge and marketing efforts in place.

3. Product diversification by market participants will lead to increased competition in every segment.

4. Local manufacturing is expected to get a boost.

5. Prices are expected to continuously shoot up due to stricter BEE norms enforced every 2 years.

Source: Frost & Sullivan