

## GOLD RETAILING IN INDIA: THE MARKETING INFERENCES FROM CONSUMERS FOR RETAILERS

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### ABSTRACT

Indians prefer to purchase gold jewelries basically for two reasons; one for cultural or customs and another as an investment. Various State and Central Government initiatives to convert these gold jewelry customer and investors to purchase gold bonds or paper gold is not changing purchasing behavior of gold jewelry buyers. India is one of the top importers of gold metal. Customized gold jewelries are sold out by various gold jewelry retailers; but organized retailers come up with gold jewelry retail chains. In Today's competitive world it is very important to study issues of the gold jewelry retail business like customer buying motives, retail store staff competencies with product and services provided by company, competitors promotional policies, and company's services available. Findings and conclusions of this study offer a strategic guideline to branded gold jewelry retail store to customer services.

**Keywords:** Retail Marketing, Visual Merchandising, Customer behavior, Buying Motives, Gold Purchasing.

### 1. Introduction

The retail industry accounts for 12% of the GDP in Indian economy and has generated on 18 % return for shareholders between 2018 and 2019. In the Indian economy retail sector plays a considerable role not only because of the occupation openings but also the contribution that retail sector makes to the national economy. The next round of economic and GDP growth of our country will happen out of increasing consumption of value added goods and products, and this increased consumption will be driven by modern and organized retail. Retailing is a fundamental part of national economic composition and it shape life style also. The retailing comprises of all of the activities in selling the merchandise or services directly to final consumers for their personal, non-business use Zaware (2012). Retailers may be divided into two types: store retailing and non store retailing. Store retailing accounts for most retail business Zaware (2013). Gold jewelry retail stores persist to pay high costs for their inability to get the right goods to the right places at the right prices and at the right times. It is estimated that over 8% of items customers come to buy are out of stock, and that one third of all goods sold, are at marked-down prices. The need to manage massive amounts of data is extreme as Gold jewelry retail stores counts are multiplied by extreme diversity such as style and size. Gold jewelry retail stores according to their actual demand patterns can reduce inventories on some

localities. Allocating the right mix of merchandise is one of the biggest challenges faced by Gold jewelry retail stores. This topic is selected to gauge the working and behavior of gold jewelry retail business. Hence, all possible areas are covered to have an overall view of working of jewelry retail business.

Every day by day customer preferences and habits are changing, also new and new companies are trying to pull the market share in order to grow and expand so new and new product lines and products brands are being launched, so this topic helps to know customer better manner, understand buying motives and gold jewelry retail business. Also, staff plays an important role, the product and service of company or brand may be good but its competency of staff to sale the product may differ, so reasons for non conversions of total number of walk-ins in retail store need be studied. The competitors policies, current offers, discount offers, exchange offers also gives and edge why should their policies must be studied and hold over product display on jewelry counter, this shows company has a strong or weak competitor . Service is important ingredient in today competitive world, so how frequently service is delivered or awareness of such service delivered, increases customers' walk-ins (Zaware, Shinde, and Mehetre, 2019). The retailing is growing in India including urban and rural regions for various commodities (Zaware, 2012). However, the identification of the right

product mix is crucial for the success of retail business (Zaware, 2013).

The prime objective of this paper is to study the customer buying motives to purchase gold jewelry with the services delivered by Gold Jewelry Retail business. Furthermore, the extends the comparison between Organized and Unorganized Gold jewelry retail business marketing and services policies with visual merchandising, counter display of jewelry at different stores.

## 2. Review of Literature

The consumer preferences are essential to understand for sellers to effectively improve the market potential (Zaware, Pawar, Kale, and Surve, 2020). Moreover, in the gold market, the average annual growth for gold is 12.27 percent which indicates that investment in gold is an effective investment avenue in the hand of investors. The recent trends of the gold price have led to gold's "safe-haven" investment option. Investor deleveraging and capital flight from the Euro has forced the US dollar higher, dampening gold's sensitivity to systemic risk and hampering its performance. However, high impact risk of a full-blown Euro crisis could also be a catalyst for the gold price to break higher. The resilience of gold during recent volatility in the commodities market exemplifies the strength of the global gold market and its unique demand drivers. Consumer confidence in India has been knocked by the persistence of high domestic inflation rates. Inflation of almost 9.5 percent, as measured by the Wholesale Price Index, adversely affected jewelry demand, through its impact on both disposable income levels and general consumer sentiment (Singh, 2013). Moreover, in many cases, the consumers are adopting multiple channels to access and evaluate the product towards their purchasing decisions (Zaware, Pawar, Samudre, & Kale, 2020).

The consumers purchasing behaviour towards jewellery revealed that two third of jewellery customers are women among them, 44% participants were in the age group 20-30 years. Both male and female equally gave the preference for buying the jewellery. 63% men and 67% women were buying the silver for their family members. 66% of men and 60% of

females were purchases the silver from a specific shop, and 25% for men and 28% for females' jewellery purchases are from a reputed shop. Advertisements have little impact on men and women for purchasing or renting jewellery. The market is consumer-oriented, and preference is given for consumers. In jewellery purchasing behaviour advertisement have not any significant with the buying pattern of people. The most of the consumers are female as jewellery is mainly preferred buying by themselves (Bahadur et al., 2019). However in many situations the organisational aspects towards the employees plays a crucial role in success of the business (Zaware et al., 2020). The Indian economy has faced much turbulence from the earlier times (Sangvikar et al., 2019). There were economic crisis of balance of payments (Sangvikar, Pawar, and Paturkar, 2019) which affected the businesses and consumers.

The gold market in India is predominantly a market for buying and selling physical gold and gold in the form of ornaments. In the physical gold front, in the wholesale segment, nominated agencies are the bulk importers. This market is reasonably efficient from the point of view of distribution of bars and scraps over the length and breadth of the country, which takes place in a very effective manner (Prasad, 2010). Furthermore, there seen larger jewellery brands witnessing an upward activity mainly due to factors such as increasing consumer false belief, decreasing investment compulsive purchases, fascinating retail channels and competition from other expensiveness products. The analyses showed that consumers are reasonably aware of the branded players who have forayed into the jewellery market and would like to purchase branded jewellery in the near future (Asha & Christopher, 2014). The brand is most influencing factor for consumers for their purchase decisions (Zaware, Shinde, and Mehetre, 2019). Hence, the right alignment of distribution and marketing strategy is essential for the development of the business (Zaware, 2020).

The effects of individual characteristics (i.e., consumer's need for uniqueness and attitudes toward American products) and brand-specific variables (i.e., perceived quality and emotional

value) on purchase intention toward a U.S. retail brand versus a local brand was examined for Indian consumers. It is realised that the Indian consumers' need for uniqueness positively influences attitudes toward American products. Attitudes toward American products positively affect perceived quality and emotional value for a U.S. brand while this effect is negative in the case of a local brand. Emotional value is an important factor influencing purchase intention toward a U.S. brand and a local brand as well (Kumar, Lee, & Kim, 2009).

### 3. Research Methodology

Marketing research is conducted for to know what consumers wants, needs, requirements are and or believe. It involves discovering how they act. Once that research is complete it can be used to determine how to market your specific product. The market information is making known the prices of the different commodities in the market, the supply and the demand. Information about the markets can be obtained in several different varieties and formats. Market information is collected by digging out answers of these questions Who are the customers?, Where are they located and how can they be contacted?, What quantity and quality do they want?, and When is the best time to sell?

The diagnostic research design is adopted for this study with the help of Interview through questionnaire and Observation Method. Questionnaire survey through well designed customer feedback form is conducted to understand customer buying motive and buying pattern. Working executives and staff members of store are also interviewed for studying competencies of product and schemes and understanding staff competencies toward sale of product and scheme. The comparative study of different promotional policies of gold jewelry sale schemes of competitors is conducted through data collected by observation method. Basic frequency distribution table technique is used for analysis of data.

The Primary Data is collected through customers visited different mall and local gold jewelry retail stores, whose behavior of buying

was studied and retail store staff members for studying competencies of product knowledge and schemes. Convenient Sampling technique is adopted in case of customers; Judgmental Sampling technique is adopted in case of staff and deliberate Sampling technique is adopted in product display.

### 3.1 Research Objectives

1. To study comparison between Organized and Unorganized Gold jewelry retail business marketing and services policies.
2. To study customer buying motives to purchase gold jewelry.
3. To study services delivered by Gold Jewelry Retail business.
4. To study visual merchandising, counter display of jewelry at different stores

### 3.2 Research Hypothesis

- **Hypothesis 1:** Every 2<sup>nd</sup> customer who comes in the store buys the jewelry (product) i. e. conversion ratio is 50%.
- **Hypothesis 2:** The maximum frequency of total number of times services provided is purity and exchange policy.

On the basis of objectives and hypothesis of the study, the researchers have deliberated the analysis and findings of the study.

### 4. Analysis and Findings

The analysis of data is a way to condense the data and make a comparative study by which inferences can be drawn in a better way.

#### 4.1 The Gold Trend Analysis

Every company has its own promotional policies but, there are some basic USP (Unique Selling Proposition) on which makes a good revenue generation. More or less every gold jewelry retail store is good at offers but best deals are in i.e. 100% lifetime exchange on purchase price in unorganized gold jewelry retail store where as 95% in organized gold jewelry retail store. Nearly every company is giving about 90 to 95 % cash back. Generally in the range of 10-15 % of seasonal discounts are offered by national players and as per customers in local players.

**Table 1: Comparative Study of Competitors**

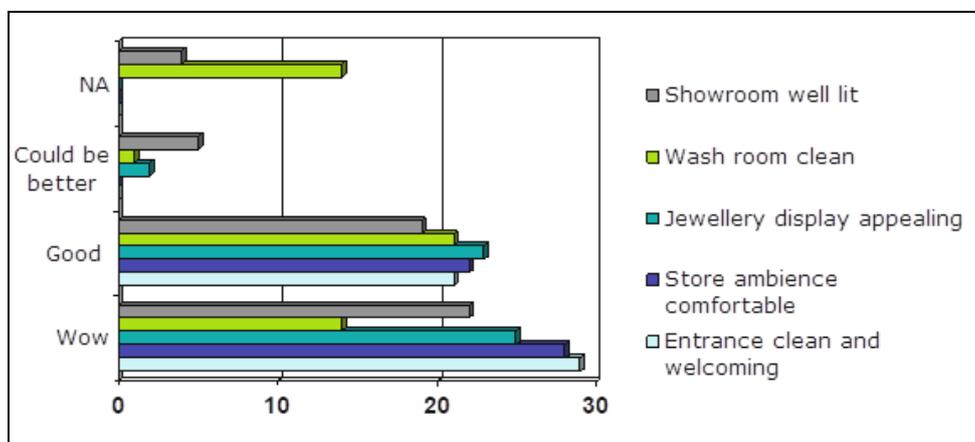
Parameters	Unorganized Gold jewelry retail	Organized Gold jewelry retail
1.Exchange Offers (on purchased price)	95 % life time on upgraded price	100% exchange within 7 days
2.Cash back policy	90 % cash back	95 % cash back
3.Discounts (seasonal only)	As per season as per customer	As per season
4.Advance booking	Rs.1000 per product	50 % price of product
5.Repair , Polish and Sizing	Free for lifetime	free for lifetime
6. Range and Pieces		
• on display	650 pieces	
• pendants	150 pieces	2.5k onwards, pieces
• ring (ladies)	120 pieces	5k onwards,160 pieces
• rings(gents)	100 pieces	7 k onwards,32 pieces
• chains	170 pieces	8k 200 pieces ,
• mangalsutra	50 pieces	17.k onwards, 30 pieces
• necklace	-	20 k onwards,30 pieces
• earings	120 pieces	5 k onwards,200 sets
• sets	15k onwards, 8 sets	15 k onwards,20 sets -
7. Current Offers on purchased	None	Free gold coin offer Above 15 k purchase In diamond studded Also above 15 grams In plain gold
8. Stock change	20 -30% every 3 months	30% every 2 months

Nearly every unorganized gold jewelry retail store take Rs. 500/to Rs.1000 / as a booking of product in advance.; but organized gold jewelry retail store keeps 50 % advance price of product. Generally unorganized gold jewelry retail store give free Repairing, sizing and polishing. Unorganized gold jewelry retail

store replenishes or stock gets replenished (20-30 %) between 2-3 months, organized gold jewelry retail store also replenishes its stock in every 2-3 months, which is at par with others. Also every quarter it launches a new collection of jewelry to be in the eye of market.

**Table 2: Gold jewelry retail Showroom Ambience and Visual Merchandising**

Sr. No.	Parameters	Wow	Good	Could be better	NA
1.	Entrance clean and Welcoming	29	21	0	0
2.	Store ambience comfortable	28	22	0	0
3.	Jewelry display appealing	25	23	2	0
4	Wash room clean	14	21	1	14
5.	Showroom well lit	22	19	5	4



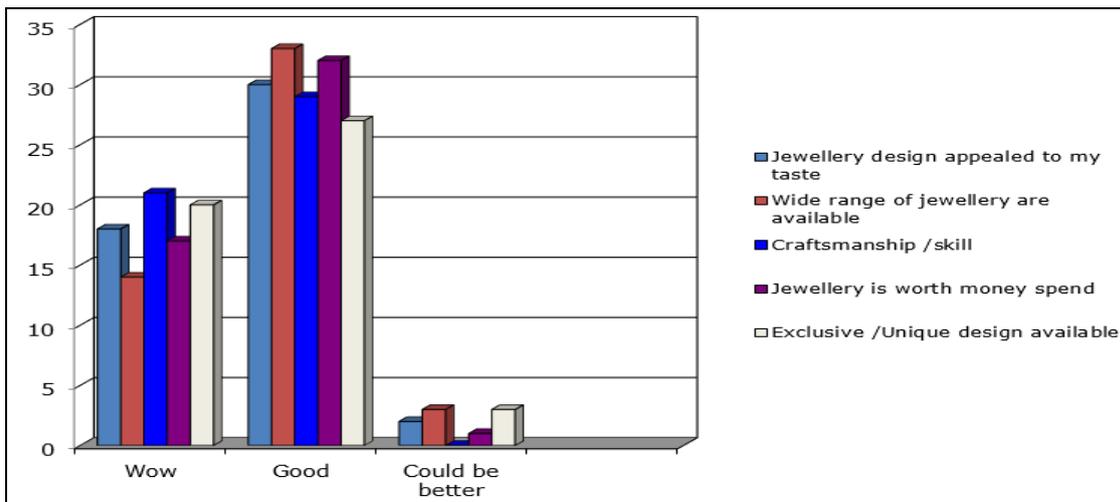
**Figure 1: Gold jewelry retail Showroom Ambience and Visual Merchandising**

58 % customers feel that Gold jewelry retail Showroom Entrance is clean and welcoming and that shows office boys on regular basis clean floors and Staff is ready to welcome

customers.10% customers feel that showroom is not well lit and could be better in lighting.28% customers did not use washrooms so nothing special could be predicted.

**Table 3: Quality of jewelry /Design Range in Gold jewelry retail Showroom**

Sr. No.	Parameters	Wow	Good	Could be better
1.	Jewelry design appealed to my taste	18	30	2
2.	Wide range of jewelry are available	14	33	3
3.	Craftsmanship /skill	21	29	0
4.	Jewelry is worth money spend	17	32	1
5.	Exclusive /Unique design available	20	27	3



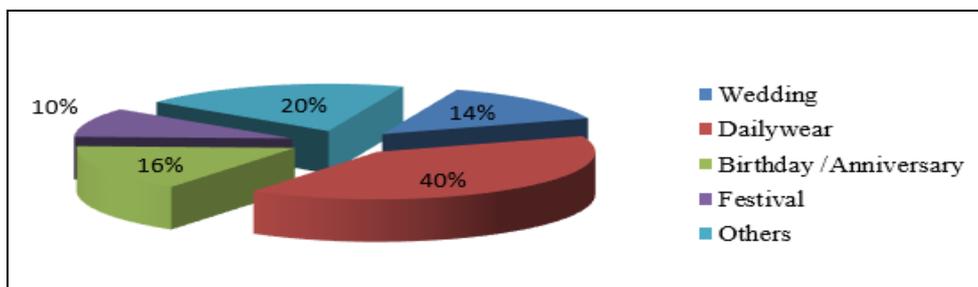
**Figure 2: Quality of jewelry /Design Range in Gold jewelry retail Showroom**

About 42% of feel that craftsmanship of Organized Gold jewelry retail Showroom is wow category Only 28 % (Approx.) customers feels that there is wide range of jewelry,

available so retail sales officers must try to understand the need of customer in particular areas and quote intent list , so that there will be good choice for customers to choose from.

**Table 4: Occasion to buy Gold jewelry**

Parameters	Wedding	Daily wear	Birthday/ Anniversary	Festival	Others
Occasion for Buying jewelry	7	20	8	5	10



**Figure 2: Occasion to buy Gold jewelry**

Total of 10 % customers buy jewelry on occasion of some or the other festival, so more

festival awareness and emotional attachment with festival plus ability to buy jewelry, will

push up jewelry sales, since jewelry is considered auspicious purchase. Eg: Aksay Tritiya, Gurupurushyatom vrathamruth, Vijaya dusumi (Dussera), etc. It increases wealth and is a good saving option. Total 14% customers purchase jewelry on occasion of wedding, also India is highly populated country, and this is also a blessing to jewelry trade. 40 % of customers buy jewelry for daily wear, so more

of casted pieces must be made, so that they can be worn by customers with comfort and ease on daily bases.

#### 4.2 Gold Consumer Conversion Analysis

The gold consumer conversion analysis is deliberated with the Conversion Ratio of Footfall and Frequency of Services Provided by the Gold Jewelers.

**Table 5: Conversion Ratio of Footfall**

Sr.no	Wk	Con	Np	Cln	Pty	Rep	Siz	EP	Gv	Plsh	Con %
1.	41	33	8	8	0	4	2	6	0	0	80.48%
2.	63	44	19	4	2	3	3	4	0	2	69.84%
3.	49	36	13	3	7	1	5	6	0	0	73.47%
4.	57	42	15	4	3	3	1	5	0	1	73.68%
5.	55	48	7	3	5	1	4	5	0	0	82.27%
6.	41	31	10	1	1	1	3	6	0	0	75.61%
7.	54	46	8	2	1	2	3	3	0	0	85.19%
8.	57	40	17	1	2	2	0	8	0	0	70.18%
9.	61	51	10	3	0	2	0	3	0	0	83.61%
10.	42	30	12	0	8	3	1	7	0	0	71.43%
11.	30	22	8	0	0	1	0	6	0	0	73.33%
12.	44	37	7	3	1	2	0	1	0	0	84.09%
13.	47	38	9	5	2	0	0	1	2	5	80.85%
14.	70	50	20	6	0	2	8	6	0	0	71.43%
15.	48	33	15	1	0	3	2	1	0	0	68.75%
16.	19	11	8	1	1	0	0	2	0	0	57.89%
17.	7	2	5	0	0	0	0	0	0	0	28.57%
<b>Total</b>	785	594	191	45	33	30	32	70	2	8	<b>75.67%</b>
<b>Wk -</b>	<b>Walk - ins.</b>										
<b>Con -</b>	<b>Conversion from walk –ins.</b>										
<b>Np-</b>	<b>Non conversion (purchase)</b>										
<b>%-</b>	<b>Conversion ratio</b>										

The conversion individually of every employee is good except no.16 and 17. So overall conversion ratio is good i.e. around 75%, which is a good number in a jewelry retail

store. The employees must try to up sell or cross sell products to increase average ticket size.

**Table 6: Frequency of Services Provided By the Gold Jewelers**

Sr.no.	Cln	Pty	Rep	Siz	EP	Gv	Plsh	Total	wk
1.	8	0	4	2	6	0	0	20	41
2.	4	2	3	3	4	0	2	18	63
3.	3	7	1	5	6	0	0	22	49
4.	4	3	3	1	5	0	1	17	57
5.	3	5	1	4	5	0	0	18	55
6.	1	1	1	3	6	0	0	12	41
7.	2	1	2	3	3	0	0	11	54
8.	1	2	2	0	8	0	0	13	57
9.	3	0	2	0	3	0	0	8	61
10.	0	8	3	1	7	0	0	19	42
11.	0	0	1	0	6	0	0	7	30
12.	3	1	2	0	1	0	0	7	44
13.	5	2	0	0	1	2	5	15	47
14.	6	0	2	8	6	0	0	22	70

15.	1	0	3	2	1	0	0	7	48
16.	1	1	0	0	2	0	0	4	19
17.	0	0	0	0	0	0	0	0	7
Total	45	33	30	32	70	2	8	220	785
<b>Sr. no. - Employee no.</b> <b>Wk - Walk ins.</b> <b>Con - Conversion from walk ins.</b> <b>Np- Non conversion (purchase)</b> <b>Cln - Cleaning service.</b> <b>Pty - Purity check.</b>					<b>Rep -</b> <b>Siz-</b> <b>EP-</b> <b>Gv-</b> <b>Plsh-</b>		<b>Repairing facility.</b> <b>Sizing service.</b> <b>Exchange policy .</b> <b>Gift voucher.</b> <b>Polish service.</b>		

The maximum frequency of services provided to customers by way of Priority wise-EP, Cleaning, purity, sizing, repairing and so on. The employees and company must try to encourage gift vouchers and polishing service to reach maximum number of customers.

### 5. Hypothesis Testing

**Hypothesis 1:** Every 2<sup>nd</sup> customer who comes in the store buys the jewelry (product) i.e .conversion ratio is 50%.

**Table 7: Analysis and Testing of Hypothesis 1**

<ul style="list-style-type: none"> <li>▪ About 785 customer visited store, Out of that 594 brought jewelry from our retail store.</li> <li>▪ N=785.n=total no. sample.</li> <li>▪ <math>p = 594/785.</math></li> <li>▪ <math>q = 1 - p</math></li> <li>▪ <math>P = 0.7567 = 75.67\%,</math></li> <li>▪ <math>q = 0.2433 = 24.33\% ., N = 785.</math></li> </ul>
<ul style="list-style-type: none"> <li>▪ <math>S.E = \sqrt{pq/n}</math></li> <li>▪ <math>S.E = \sqrt{0.7567 * 0.2433 / 785} = 0.0153</math></li> <li>▪ <math>Z \text{ cal} = \text{difference} (Z \text{ cal}-Z \text{ act})/S.E.</math></li> <li>▪ <math>Z \text{ cal} = (785/2 - 594) / 0.0153</math></li> <li>▪ <math>Z \text{ cal} = 201.5 / 0.0153</math></li> <li>▪ <math>Z \text{ cal} = 13169.93</math></li> <li>▪ Now <math>13169 &gt;&gt;&gt; 3</math></li> </ul>
<ul style="list-style-type: none"> <li>▪ Zcal is more than Zact. At all levels of significance.</li> <li>▪ Therefore difference is highly significant, our hypothesis proves wrong.</li> <li>▪ Therefore calculated conversion ratio is 75.67 %</li> </ul>

**Hypothesis 2:** The maximum frequency of total number of times services provided is purity and exchange policy.

**Table 8: Analysis and Testing of Hypothesis 2**

<ul style="list-style-type: none"> <li>▪ Total number of times services provided is 220.</li> <li>▪ Out of that sum of services provided frequently by purity and EP is 103.</li> <li>▪ Therefore, <math>p = 103/220.</math></li> <li>▪ <math>q = (1 - p)</math></li> <li>▪ N=220, N = total no. sample.</li> </ul>
<ul style="list-style-type: none"> <li>▪ <math>P = 103/220., P = 0.4681, P = 46.81 \%</math></li> <li>▪ <math>Q = 0.5318 , Q = 53.18 \%</math></li> <li>▪ .S.E. - Standard Error</li> <li>▪ <math>S.E = \sqrt{pq/n}</math></li> <li>▪ <math>S.E = \sqrt{.04681 * 0.5318 / 220} = 0.0336</math></li> <li>▪ <math>Z \text{ cal} = \text{difference} (Z \text{ cal} - Z \text{ act}) / S.E.</math></li> <li>▪ <math>Z \text{ cal} = (220/2 - 103) / 0.0336</math></li> <li>▪ <math>Z \text{ cal} = 208.33</math></li> <li>▪ Now <math>208.33 &gt; 3</math></li> </ul>
<ul style="list-style-type: none"> <li>▪ The calculated value is much more than 3 times the S.E.</li> <li>▪ Hence, it is highly significant, therefore our null hypothesis proves wrong and we accept the alternate hypothesis.</li> <li>▪ Hence; the majority time service provided is by other than purity and exchange policy .i.e 53.18%</li> </ul>

## 6. Conclusion

The conclusions of the study are deliberated in terms of Customer buying motive, provided Services, Staff competencies, and Comparative study of policies and display of stock.

**Customer buying motive:** The conversion ratio of company is very good, still if the focuses on up selling or crossings it can have more revenues. 10% customers feel that showroom is not well lit and could be better so company must try to lit store in a more better manner Gifting offers and festive discounts can boost sales since, they are low now, so encouraging more gifting seasons in mind of customer can make a difference, though it is emotional attachment of festivals and love of friends and family, it works.

**Services:** Major services are provided to customers by way of Priority wise exchange policy, cleaning, purity, sizing, repairing and so on. Employees and company must try to

encourage gift vouchers and polishing service to reach maximum number of customers. These service providing must be included in targets if possible, since even small difference counts. Services majorly are free, so they must be advertised well to make customer aware and alert regarding gold jewelry care.

**Staff competencies:** There are 785 walk ins out of that 191 are non conversion about a 142 are known non conversions and major reasons are designs and discount from market in both 22k and 18 k jewelry and try to find unknown reasons for non purchase i.e.49 reasons .

**Comparative study of policies and display of stock:** Organized Gold jewelry retail showrooms good at all promotion policies and adopting new strategies to boost up sales , its Strength – good craftsmanship ,exchange policies , free sizing repairing. Weakness is Local discounts from local jewelers.

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