RETAIL GOLD INDUSTRY - GLITTERING FUTURE

* Prof. Geevaratna

Abstract
Au, Atomic number 79, An object of worship, Gold. Gold is forever beautiful, useful, and never wears out. Gold has a universal appeal and is worshipped in all climates, without a single temple, and by all classes, without a single hypocrite. The reason may be it is the only metal that combines lustrous beauty, easy workability, rarity and virtual indestructibility. No other commodity enjoys as much universal acceptability and marketability as gold. Gold has always been considered a sacred item by Hindus and is a must for religious functions. Jewellery industry is one such area which lags behind and not being marketing savvy. There is lack of marketing activities from jewellery companies. The gold jewellers in India operate within more rigidly defined parameters both in terms of product sourcing and sales. Today all that has changed. A far more aggressive, but a well-defined, strategic marketing policy for creating brand awareness is the need of the hour. The Indian jewellery consumer is getting more & more trend conscious. This paper attempts to analyze growth and the changing trends of gold industry in future.

I Introduction
Au, Atomic number 79, An object of worship, Gold. Gold is forever beautiful, useful, and never wears out. Gold has a universal appeal and is worshipped in all climates, without a single temple, and by all classes, without a single hypocrite. The reason may be it is the only metal that combines lustrous beauty, easy workability, rarity and virtual indestructibility. No other commodity enjoys as much universal acceptability and marketability as gold. Gold has always been considered a sacred item by Hindus and is a must for religious functions. Indians attribute gold with Agni as Hiranyakti, "Gold maker", Brahma as Hiranyakarshna, "born from Gold", traditionally given as "streedhan" to the woman at the time of marriage, in the form of jewellery which remains as an asset that is truly hers forever. Jewellery for Indian woman is not only for festivals, also for work and other casual occasions. Of-late it is being introduced in make-up and cosmetics.

History and Growth
Gold ornaments were discovered during Harappa and Mohanjodaro civilisations, i.e., thousands of years before Christ (BC). The earliest gold jewellery dates from the Sumer civilisation in between the Tigris and Euphrates rivers in southern Iraq around 3000 BC. In Egypt, gold jewellery and other artifacts have been found in Pharaoh's tombs dating to around 1500 BC. The first pure gold coins were struck by King Croesus of Lydia (present-day Turkey) during his reign between 560 and 547 BC and gold coins have continued as legal tender since that time. The forms of jewellery used in the ancient period are quite different from what we use today. Designs were inspired by forms of nature like flowers, animals, birds, gods, holy symbols etc. Head ornaments highlighted the Indian culture since ages. Turban jewellery was considered as an

* MBA, MS (Psychology), M Phil. (Ph.D), Faculty, M.S. Ramaiah College of Arts, Commerce and Science, Bangalore.
important part of jewellery for the rulers. The historical India has provided various explanations about the different dynasties that have come and gone and have left their mark on the Indian soil. The turban jewellery helps to trace many of historical things, as fine artwork of jewellery was choice of every particular king.

Jewellery 4 - C's

Jewellery is one of the oldest forms of body adornment, and the first pieces of jewellery were made from natural materials such as animal teeth, shell, wood and carved stone. 'Jewellery' is literally any piece of fine material that someone uses to adorn themselves. Derived from the word jewel, which was anglicized in English idiom from the old French "Jouel" in around the 13th century. In Old English gelo, stands for yellow. It can be made out of almost every substance known to man and has been made to decorate nearly every body part, from hairpins to toe rings.

4-C's which Determine the quality of Gold

Gold - The Global Demand, Supply and Consumption

Increasing recent mine production does not meet consumption

The global market for Gold is estimated at 3300 tonnes. South Africa is the world’s largest producer of gold, while India is the largest consumer. Major demand for gold comes from jewellery sector.

Chart 1 gives a clear idea of mine production of Gold, scrap sales and Consumption. Apart from jewellery the other demand for gold comes from retail investment - i.e. from gold’s use as a private reserve asset. The amount used in industry, e.g. in electronics and dental surgery.

Gold Demand (Volume and Value) and Gold Price (Rupees)

Chart 2 The above Chart 2 gives gold demand both in terms of tonnes and value in Rupees between 1996 to 2005.
Demand for branded jewellery in India growing at the rate of 20% annually because of acceptance of branded jewellery by younger generation i.e., 54% of the population is in the age group 16 to 35.

Gold jewellery saw a 37 per cent rise during April 2006 - Feb 2007 as many festivals fall in between.

Akshaya Tritiya – April, Diwali, Karva Chauth - October, Dussera, Varamahalakshmi – September, Onam – Kerala, Pongal – Tamilnadu – January.

Spending on gold has hit a record high this year in spite of rising prices pushing the demand for gold jewellery. Women have been the major target segment for Gold Jewellery in spite it being worn by other Gender.

Importance of Gold for an Economy

December 1990, The foreign exchange situation was causing anxiety. It was a very critical period for Indian economy as the country was struggling with less than $1 billion in reserves, and a much higher short-term debt. The root-cause of the 1991 crisis was a sudden lack of liquidity. India’s own political situation was messy. International rating agencies had also lowered India’s credit rating.

Now it has been a time for celebration on the BoP front as RBI recently reported that it has reached a level of forex reserves of $ 100 billion. This figure is magical, especially considering that with a decade back.

Present Scenario of Gold Jewellery Industry

In India jewellery is crafted not only for humans but also for Gods and Goddess (kavachas, ornaments, chatri’s). Different regions of India have unique jewellery making style. Design innovations through collections is inspired from various jewellery traditions. In India chettinad, rajputana, tajmahal, mughal, temple, tarkashi, minakari, kundan, thewa, nakkashi, etc., has been
explored to a greater extent. Ancient inspirations are now crafted with modern technology in new forms with different brand names by different manufacturers/companies. Pendants and necklaces have been an epic chapter in the history of Indian jewellery.

Gold - The future is glittering

Gone are the days when goldsmiths ruled the roost. Though they do still cater to a large section of society, there has been a paradigm shift in the profession over the years. Today across India there are more than 7000 retail outlets. Retail Jewellery is growing at a faster rate. The sales of branded gold jewellery were Rs 435 Billion in 2000 which has grown beyond Rs 3600 Billion by 2006. With approximately 10 million marriages happening in the country every year, organized retailing\(^1\) is projected to grow at the rate of 25 percent – 30 percent p.a and is estimated to reach over an astounding Rs 1,00,000 crores (1 trillion) by 2010.

\(^1\) India retail report 2005.
According to unity Marketing’s Luxury Report 2006, which was based on the aggregate results of 25-plus global luxury marketers includes luxury purchases in the four luxury categories – home luxuries, personal luxuries (including jewellery), automobiles and luxury experiences (such as travel and entertainment). It is estimated that the sale of gold will raise Rs 315 billion by the year 2010, from their present level of Rs 175 billion. By the year 2015, revenues are predicted to reach Rs 479 billion. About 37 new brands have been launched in the last couple of years alone in India! Viz., International brands like Cartier, Tiffany etc., India being the world’s largest consumer of Gold, this study gets an added significance in present context. This paper gives an insight about jewellery customers, their buying styles, factors considered while purchasing gold, behaviours and attitudes.

Some interesting Facts and figures:

- India has approximately 5 million luxury consumers.
- Over 60% of the population is under 35 years.
- Over 18% of India’s population falls in the top-tier socio-economic class, which is a huge potential market for luxury goods brands.

Bangalore

With rise of new industries, and the software boom over the last decade, Bangalore has emerged as a cosmopolitan centre and there is a new generation of consumers with an entirely different mindset. In a sense, the new generation is a perfect mix of old values and new trends. Therefore the demand for traditional heavy jewellery is accompanied by sophisticated delicate machine made jewellery.

Apart from developing a new positioning and brand expression for Gold, the work of advertising, PR and media agencies also needed co-ordinating. Promotional events and conferences, PR activity, exhibitions and trade fairs are all playing a vital role in expressing the Gold brand consistently worldwide.

Major Brand Players:
- Asmi
- Tanishq
- Kiah
- Nakshatra
- Aurra
- D’damas
- Eros
- Signature
- Solitaire
- Gill
- Agni
- Ora

India - A FACTUAL BACKGROUND

India is not only the world’s largest gold consuming market but also the world’s third largest diamond market. The Indian gems and jewellery is extremely fragmented with 97% operating as independent jewellers and the branded segment being a meager 3% and hence there is lots of scope for growth of branded gold retailing.

South India

South India is the largest and biggest market for gold and gold jewellery in India. The South India market accounts for more than 45 per cent of the total gold demand in India.

OBJECTIVES

The objective of the study are:

1. To examine the history, growth, development and trends of gold jewellery.
2. To find the factors influencing their purchasing patterns and brand communication.
3. To understand the Role of technology in selecting a brand.
4. To discover the latest innovations and developments in the world jewellery market.
Limitations of the Study
The limitations of this study are:
1. Data was collected during the four day event at Jewels of India Exhibition, Sree Kanteerva Stadium, Bangalore.
2. Sample size being 500 restricted to women only. Bangalore being a vast spread city, the sample size may fail to represent the entire Bangalore city.

Methodology
Primary data collection was done through a convenient questionnaire for 500 respondents at Jewels of India, Sree Kanteerva Stadium, Bangalore.

Secondary data source: Journals, Bulletins, Books, Websites, Previous research works

Statistical Tool for Data Analysis: The interpretation of the data is made using simple percentage, tabulation. Various graphs and charts are depicted to understand the data easily. MS-Excel was used as a main software tool for data tabulation and calculation.

Data Analysis: (* Source of data for Table 1 - Table 10 is Primary Data)

**TABLE 1: OCCUPATION OF THE RESPONDENTS**

| OCCUPATION   | NO. OF RESPONDENTS | %  |
|--------------|---------------------|----|
| Business     | 170                 | 34 |
| Profession   | 65                  | 13 |
| Service      | 75                  | 15 |
| Employee     | 70                  | 14 |
| Students     | 50                  | 10 |
| Housewives   | 35                  | 7  |
| Designer     | 5                   | 1  |
| Not Given    | 30                  | 6  |
| Total        | 500                 | 100|

It is inferred from the above table 1 that 34% of the 500 respondents' occupation was business, followed by 13% from the service sector.

**TABLE 2: SOURCES OF INFORMATION THROUGH DIFFERENT MEDIA**

| SOURCE OF INFORMATION | NO. OF RESPONDENTS | %  |
|-----------------------|--------------------|----|
| TV                    | 25                 | 5  |
| NEWSPAPER             | 285                | 57 |
| RADIO                 | 0                  | 0  |
| HOARDINGS             | 55                 | 11 |
| NOT GIVEN             | 90                 | 18 |
| INVITATION            | 45                 | 9  |
| Total                 | 500                | 100|

It is clear that the major source of information to the respondents was newspaper with 57%.
TABLE 3: People accompanying the Respondents

| ACCOMPANISHP | NO. OF RESPONDENTS | %  |
|--------------|---------------------|----|
| FAMILY       | 415                 | 83 |
| COLLEAGUES   | 10                  | 2  |
| FRIENDS      | 50                  | 10 |
| ALONE        | 25                  | 5  |
| Total        | 500                 | 100|

It is inferred from the above table that majority of the respondents accompanied their family members for purchasing Gold jewellery whereas very few prefer to go with their colleagues or alone.

TABLE 4: Purpose of Purchasing Gold Jewellery

| PURPOSE OF PURCHASE | NO. OF RESPONDENTS | %  |
|---------------------|---------------------|----|
| INVESTMENT          | 305                 | 61 |
| AESTHETIC           | 185                 | 37 |
| OTHERS              | 10                  | 2  |
| Total               | 500                 | 100|

It is inferred from the above table that majority of the respondents i.e., 61% consider gold as an investment rather than a thing of beauty.

TABLE 5: Factors influencing the purchase of gold jewellery

| FACTORS INFLUENCING | NO. OF RESPONDENTS |
|---------------------|--------------------|
| DESIGN              | 370                |
| CHOICE              | 60                 |
| BRAND NAME          | 90                 |
| GUARANTEE ON CONTENT| 210                |

It is inferred from the above table that majority of respondents i.e., 370 out of 500 look for designs when selecting gold jewellery.

TABLE 6: Respondents opinion about Gold Market

| MARKET BOOMING FOR GOLD | NO. OF RESPONDENTS | %  |
|-------------------------|--------------------|----|
| YES                     | 490                | 98 |
| NO                      | 10                 | 2  |
| Total                   | 500                | 100|

It is inferred from the above table that majority of respondents i.e., 98% out of 500 believe gold market is booming and hence invest on gold.
TABLE 7: Respondents liking towards Foreign Designs

| LIKING FOR FOREIGN DESIGNS | NO. OF RESPONDENTS | %  |
|----------------------------|---------------------|----|
| YES                        | 355                 | 71 |
| NO                         | 110                 | 22 |
| NO ANSWER                 | 35                  | 7  |
| Total                      | 500                 | 100|

It is inferred from the above table that 355 respondents out of 500 i.e., 71% like foreign designs.

TABLE 8: Reasons for Preferring Gold

| REASONS FOR PREFERERING GOLD | NO. OF RESPONDENTS |
|------------------------------|--------------------|
| DAILY WEAR                   | 190                |
| STATUS SYMBOL                | 90                 |
| USEFUL IN EMERGENCY          | 10                 |
| OCCASIONS                    | 255                |
| LOVE OF JEWELLERY            | 85                 |

It is inferred that neck pieces were dominating over other articles with 320 out of 500 respondents preferring necklaces, while very few preferred full sets.

TABLE 9:

| ARTICLE PREFERRED | NO. OF RESPONDENTS |
|-------------------|--------------------|
| NECKLACE          | 320                |
| CHAIN             | 115                |
| BANGLES           | 145                |
| EARRINGS          | 195                |
| FINGER RINGS      | 95                 |
| PENDANTS          | 170                |
| FULLSETS          | 40                 |
| OTHERS            | 55                 |

TABLE 10 : Combination of Metal Preferred

| COMBINATION OF METALS | NO. OF RESPONDENTS | %  |
|-----------------------|--------------------|----|
| GOLD                  | 310                | 62 |
| PLATINUM              | 25                 | 5  |
| SILVER                | 40                 | 8  |
| DIAMOND               | 125                | 25 |
| TOTAL                 | 500                | 100|

It is inferred that neck pieces were dominating over other articles with 320 out of 500 respondents preferring necklaces, while very few preferred full sets.
COMINATION OF METALS WITH DIAMOND

It is inferred from above table 10 that 310 respondents out of 500 preferred gold over other metals.

Findings
The findings of this research work can be listed as below:

1. Various factors like design, investment, etc. influence the purchasing decision of gold jewellery.
2. Emergence of new manufacturing techniques is influencing design patterns.
3. Technology has an important role with respect to retail gold jewellery trading viz., RFID, CCTV, CAM-manufacturing, Media-advertising online, phones etc..
4. The latest developments are customers preference towards foreign designs, rising gold value, exhibitions, rising income level, there is increase in independence to purchase gold jewellery.
5. Business people invest more on gold as it is considered as reserve value.
6. Emergence of different materials – alloys within gold as well as non gold jewellery.
7. Newspapers still act as a major communication medium with respect to jewellery industry.
8. Gold is the most preferred metal.

Observations
- Goldsmiths ‘losing out’ to big jewellers in India
- Aggressive marketing campaigns by jewellery firms have promoted platinum, diamonds and other gem stones as these extra options mean that gold jewellery is suffering fewer sales.
- Man-made methods – machineries are competing highly with skills of goldsmiths.
- BIS - To facilitate transition, the Bureau of Indian Standards (BIS) has made hallmarking of jewellery compulsory from Jan1, 2008
- Good Infrastructure with huge malls - Branding the experience
- Retail Gold Jewellery Mantra - Target the young, Target Women

Suggestion and Conclusion
Retail Gold jewellery dealers have to focus on the technology, aggressive marketing aspects, brand equity, BIS standards, skilled goldsmiths and designers etc., It is for sure that retail gold market is going to take over effectively, as gold is an all-time high in India.

REFERENCE
- “Growing the Branded Jewellery Market : An Indian Experience “, The LBMA Precious Metals Conference 2004, Shanghai ( Paper presented by Harish Bhat Chief Operating Officer, Tanishq )
- “Fashions fade, Style is eternal”, All that Glitters ( magazine ), Volume 01, published on issue 03, 2005" Indian retail: on the fast track” , KPMG, Federation of Indian Chambers of Commerce and Industry, December 2005.
- “Challenges and opportunities for gold retailing in India”, by James Jose, MD, Chemmanur Gold Refinery (P) Ltd., JCK 2006 AND JEWELS OF INDIA SPECIAL ISSUE magazine “The Art of Jewellery”, VOL 05 ISSUE 09
- “In 2005 India contributed an estimated 14.3% of global jewellery production”, ‘Jewelbiz India’, Volume 03 published on March-April 2006
- “Gold Sales take a shine to Akshaya Tritiya” The Economic Times, 21 Apr 2007, V Hemamalini and Chandra R
- “Lighter gold jewellery popular with urban women”, The Economic Times in India, Thursday 04th of January, 2007
- “Gold Showers a Celestial Blessings…”, Vijaya Karnataka, 14 Apr 2007
- http://jewellery.indianetzone.com — “Branded Jewellery”
- “Be jeweled”, Maulik Chandarana, Times of India 14 September 2009
- “Yellow Metal Rallies above Rs 16,200, may hurt demand”, Times of India, September 2009
- 10th Jewels of India, Excerpts from the interview with the convener, Mr. Sandeep Bekal