CHAPTER 1

1.1 INTRODUCTION TO CONSUMER BEHAVIOUR

“Consumer behaviour is the complex study focuses on how individual consumers and families or households make decisions to spend their available time, money, and efforts on consumption related activities which include; what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase, the impact of such evaluations on the future purchase, and how they dispose of it.”

However, consumer behaviour is physical, emotional and mental activities to satisfy the needs and demands of the consumers when consumers select, buy and use goods and services and to discard the product. Thus, the consumer behaviour is the study of individuals, groups or organizations and the process they use to select, secure, use and dispose of products, services, experiences or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

Consumer behaviour is deeply rooted in psychology with sociology thrown in just to make things more interesting. Since every consumer in the world is different, it is impossible to explain how buying decisions are made. The growth of consumer movement emphasizes the importance that is given to the consumer. A consumer who is highly involved with a product would be interested in knowing a lot about the product before purchasing. Hence, consumer reads brochures thoroughly, compares brands, quality, weight, design, and models available at
different outlets, asks questions, and looks for recommendations. Consumer behaviour can be defined as a heightened state of consumers’ awareness, factors motivating consumer behaviour, consumers’ preference, perception, and customers’ satisfaction to seek out, attend to and think about product information prior to purchasing. Several goods and products are available in the market, and consumers are buying goods and products every day, but buying gold jewellery is unique, and it is a special activity of every family of India.

Buying gold and gold jewellery is an auspicious occasion for every Indian citizen, and it is intertwined with their culture and religion. Gold is considered as the symbol of Hindu Goddess Lakshmi. Without worrying the price of gold, consumers used to accumulate gold and gold jewellery for consumption purpose, investment purpose and gift purpose. Several jewellery shops are selling gold and gold jewellery in the market. Various types and designs of jewellery available with different quality in the market to meet the demands of the consumers.

There are several reasons available with the consumers for buying jewellery. But it is very to explain the consumption analysis, why they buy gold jewellery. Several factors influence the consumer behaviour; they are (i) external factors such as culture, subculture, demographic, social status, reference groups, family, and marketing advertisements (ii) Internal factors such as, perception learning, memory, motive personality emotions and attitude, and (iii) Decision process, which involve problem recognition, information search, alternative Evaluation and selection, and post-purchase processes. Therefore, it is important to study the buying behaviour of gold jewellery consumers, how they take purchase
decisions and behave before and after purchasing the gold jewellery products. Before going to study the consumer behaviour and to have a better understanding, it is essential to learn about the gold and gold jewellery market in India. The following paragraphs highlight the gold and gold jewellery market in India.

1.2 GOLD

Gold is a rare metallic element with a melting point of 1064 degree centigrade and a boiling point of 2808 degree centigrade. Its chemical symbol is Au, is for the Latin word for gold ‘Aurum’, which means ‘glowing dawn.’ and its atomic number is 79. It has several properties that have made it very useful to mankind over the years notably for its excellent conductive properties and its inability to react with water or oxygen in the atmosphere, as are other metals. It is bright yellow colour and shiny luster. At the most obvious level, it is a form of adornment, and also a status symbol. For Hindus, gold is associated with most religious ceremonies, such as the naming ceremony of a baby or wedding. To signify marital status, Hindu women wear mangala sutra (a special kind of necklace) which consists of gold jewellery pendants strung in a certain combination with beads made up of other materials. Such a precious metal is scarce and the demand for gold is very high. Since gold is not produced in India it is imported from foreign countries by the canalising agencies.

1.3 WORLD GOLD PRODUCTION

There are several gold mines throughout the world; in fact, there is one on every continent except for Antarctica. They range from small scale productions to
enormous operations. According to data of year 2007, there are around 400-operating gold mines worldwide. Depending on the geological situation, the mining is very different. However, the overall level of global gold mine production is stable. Supply from mining operations approximately 2500 tonnes per year. The dominant producing country for much of the 20th century was South Africa, which in the early 1970 was producing 1000 tonnes per annum or over 70 percent of the world total at the time. However over the past two decades, while South African production dropped to 300 tonnes in 2005. However, China is currently the world’s largest of gold, mining 314 tonnes of the yellow metal (gold) in 2009, followed by Australia and united states, both are produced 223 tonnes. Supply of gold mainly comes from new mine production (59 per cent), gold recycling (35 percent) moreover, sales (6 percent) from central banks and other institutions.3

1.4 GOLD PRODUCTION IN INDIA

India was a leading gold producing country around a century ago when there were about 100 big and small gold mines in operation. In the past, gold was produced by the central government undertaking namely, BGML (Bharat Gold Mines Limited) in Chittoor district, Andhra Pradesh, Mysore Mines of Kolar gold fields in Karnataka and Yeppamana mine in Anantapur District, Andhra Pradesh. India, which for several decades prevented private and foreign investment in exploration and mining for gold Deccan gold mines limited. Today, India’s major gold producer is M/S Hutti Gold Mines Co. Ltd (HGML), Karnataka, who owns three-gold mines (Hutti, Uti, and Hira - Buddini). Another gold mine in India, Manmohan Industries (P) Ltd, Jharkhand. There are four mine industries in India.
Three public sector mines and private sector gold mine. It produces only around two tonnes which are a mere 0.2 per cent of its gold consumption. The decline of the Indian gold mining industry can be directly attributed to the nationalistic policies of independent. However, gold is also recovered as a by-product by Hindustan copper limited and into Gulf Corporation limited.

1.5 GOLD IMPORT BY CANALISING AGENCIES AND NOMINATED BANKS

In India, gold is imported by canalising agencies. The agencies are Minerals Metals Trading Corporation (MMTC), Projects and Equipment Corporation (PEC), Handicrafts and Handlooms Exports corporation of India Limited (HHEC), State Trading Corporation of India Ltd (STC) and the nominated banks are playing a major role in canalising gold imports into the country. The imports through banking channel are about 56 percent of total gold imports. These imports are largely for selling gold to jewellery manufacturers and at retail level. Setting value or quantum limits for canalising agencies and banks to import gold can also reduce the demand for gold. Such limits can be reviewed periodically. However, the Group recognises the fact that choking supply channels cannot be an appropriate way to reduce the demand unless under compelling circumstances.4

1.5.1 Demand for Gold in India

India is importing around 750-800 tonnes of gold every year, and there is a great demand for gold in India. The reasons are the uncertainty in real estate and equity markets has made gold and gold jewellery an attractive investment and that,
in turn, is making gold a convenient option. The economic growth, lack of easy availability of alternative financial products, particularly in the rural areas, has ensured that demand for gold is beyond normal needs for jewellery. There are two components of demand for gold. The first category of the demand for gold consists of the ‘consumption’ demand for making jewellery, medals, and electrical components. The second category is the ‘asset’ demand for gold as an investment. The asset demand for gold is based on a number of factors, such as to serve as a hedge against inflation, as a suitable asset to aid in portfolio diversification and similar objectives. Gold and gold jewellery is perceived as a safe asset, especially, during periods of financial and economic crisis. Gold jewellery is viewed as a liquid asset and one of the most efficient ‘store of value’ and hence widely recognized in India as a tool for inter-generational wealth transfer.

1.6 GOLD AND GOLD JEWELLERY MARKET IN INDIA

Gold for Indians is not just a commodity, but also a part of our culture and heritage. Gold is gifted on special occasions like birth of a child, at every occasion of ritual ceremonies and during weddings. India with over a billion people is the largest consumer of gold, even though most of its population lives under poverty line. Gold jewellery is considered as a status symbol. It is considered equivalent for liquid cash. It can be converted in to cash, anytime without any monetary loss, when a financial emergency arises. Gold and gold jewellery is a very good investment for the consumers and it has consistently increased in value and thereby considered as a safe and secure investment. Gold and gold jewellery has great religious significance and it is the symbol of the Hindu Goddess Lakshmi and
considered highly auspicious. In the market for ornaments and jewellery, consumer protection is still not assured. To ensure consumer protection, in April 2000, the government of India introduced voluntary hallmarking of gold jewellery through the Bureau of Indian Standards. However, the progress in this regard has been slow so far, only 335 jewellers having accepted the necessary certification with most of them having only partial stocks of their jewellery hallmarked. Also, there are only 11 assaying and hallmarking centre in the country.\textsuperscript{5} Now 200 assaying & hallmarking centre in India for the southern region. Especially in Tamil Nadu 43 assaying & hallmarking centers.

“...The gems and jewellery sector has been one of the fastest-growing sectors in India, and it is engaged in sourcing, manufacturing and processing, which involve cutting and polishing and selling semi-precious gemstones and metals such as diamonds and other precious stones, gold, silver and platinum. Worldwide, the gems and jewellery industry has been growing at a good pace and is currently estimated over US$130 million.”\textsuperscript{6}

China and India are the largest markets for gold jewellery in the world. Approximately, 3000 tonnes of gold produced in the world, of which approximately 750-800 tonnes of gold have been imported by India every year. However, the government of India has been taking steps to reduce the current account deficit and control the import the gold, but current account deficit and import of gold are not reducing. In the gold market, around 80 percent of the gold import, used for gold jewellery fabrication, and 15 percent for investment demand, barely 5 percent is for industrial use.
“Jewellery industry is a great industry giving direct employment to approximately 2.5 million people with the potential to generate employment of 0.7 to 1.5 million over the next five years. This is comparable to the 2.1 million jobs provided by IT services and is 2.5 times that provided by basic iron and steel manufacturing and automotive manufacturing industry in 2012-2013, and industry drove jewellery exports to the tune of Rs.2,27,000 crore outperforming textiles and apparel exports by 25 percent, and contributed to INR 99,000 crores as value addition to the economy, which is comparable to several large industries such as apparel manufacturing. Further, many branded and non-branded jewellery stores are targeting the jewellery consumers, and selling jewellery worth crores and crores of Indian rupees every year”.

According to “World Gold Council,” estimate, Southern states of India viz., Tamil Nadu, Kerala, Andhra Pradesh, and Karnataka account for a significant portion of the total gold market in India. The southern region in the country has experienced steep growth in employment and wealth generation thus, resulting in the increased disposable income leading to large-scale buying of gold jewellery.

Out of the total jewellery sales, every year 20 percent have been purchased by northern states, 15 percent by eastern states, 30 percent by western states, and the maximum 35 percent by Kerala, Karnataka, Andhra Pradesh and Tamil Nadu. Consumers are buying gold jewellery, mainly for wedding celebration. Apart from this, across the regional festivals are celebrated with gold: in south Akshaya Trithiya, Pongal, Onam and Ugadi, in the east Durga Puja, in the west Gudi Pravda, in the north Baisakhi and Karva Chauth. Gifting gold is deeply ingrained part of marriage rituals in Indian society. Weddings in India generate approximately 50 percent of annual gold
demand. According to Word gold council, over the next decade there are likely to be 15 million weddings to be celebrated in India.

In India gold demand, shows that about 80 percent is for gold jewellery fabrication for domestic demand and 15 percent is for investment demand. Barely, 5 percent is for industrial uses. Many of the gold jewellery designs and traditional and are still used, and jewellery is a commonplace in Indian ceremonies and weddings. The gold jewellery used to be a special gift with a good impression from givers and receivers. The gold jewellery is the sensitive product directly affect behaviour and buying decision, moreover; jewellery shops are being opened in Tamil Nadu like chain stores. Indian gems and jewellery sector is an unorganised sector with an estimated 1,00,000 workshops supplying over 350,000 retailers, most families owned, single-shop operations.

There are many jewellery stores in India selling gold jewellery in different karat. Branded jewellery stores are selling 22kt and 24kt jewellery with the hallmark. Non-branded retailers and gold smiths are selling 22kt gold jewellery without hallmark. A few of the gold jewellers selling 16kt, 18kt, 21kt jewellery as 22kt jewellery. Hence it is important to know what is kt. Kt means karat, which is notifying the purity/ fineness of gold. Pure gold is 100 percent gold and is called as 24-karat gold or 24-kt gold. This 24kt gold is so soft, and it cannot be used for any jewellery making purpose. Hence making it bit hard some other metals such as, copper, silver or cadmium, to be added to it. Based on adding other metals of gold purity of gold changes from 24Kt, 22Kt, 18Kt, or 14Kt. and so on.
1.7 PURITY OF GOLD OR KARAT

The gold content in a metal is measured in terms of karats (‘K’ or ‘Kt’) pure Gold, or 100 percent Gold is referred to as 24Kt Gold, when 24Kt or 24Kt Gold jewellery, that all the 24 parts in the gold are just pure gold without traces of any other metal(s) or 99.9 percent pure.

When this pure Gold is alloyed with other metals, such as silver, copper or, nickel, the Gold percentage decreases. When 22kt or 22kt Gold jewellery mean that 22 parts of the jewellery is gold, and the balance two parts are some other metals (s) or equal to 91.6 percent gold plus 8.3 percent of some other metal alloy. Similarly, 18kt Gold is 18/24th or 75 percent pure gold and 14kt gold is 14/24th or 58.3 percent pure Gold. As the percentage of pure gold decreases, the strength of the metal increases, so 14kt gold is stronger than 18kt Gold. Additionally, as the percentage of pure Gold decreases, the price of the metal also decreases. Hence, 14kt gold will price less than 18kt Gold.

Table 1.7: Purity/Fineness of Gold

<table>
<thead>
<tr>
<th>Karatage</th>
<th>Gold (Au)</th>
<th>Silver (Ag)</th>
<th>Copper (Cu)</th>
<th>Zinc (Zn)</th>
<th>Palladium (Pd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellow Gold 9kt</td>
<td>37.5%</td>
<td>42.50%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yellow Gold 10kt</td>
<td>41.70%</td>
<td>52%</td>
<td>6.30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yellow Gold 14kt</td>
<td>58.30%</td>
<td>30%</td>
<td>11.70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yellow Gold 18kt</td>
<td>75%</td>
<td>15%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yellow Gold 22kt</td>
<td>91.70%</td>
<td>5%</td>
<td>2%</td>
<td>1.30%</td>
<td></td>
</tr>
<tr>
<td>White Gold 9kt</td>
<td>37.5%</td>
<td></td>
<td>62.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White Gold 10kt</td>
<td>41.7%</td>
<td>47.4%</td>
<td>0.9%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>White Gold 14kt</td>
<td>58.30%</td>
<td>32.20%</td>
<td></td>
<td>9.50%</td>
<td></td>
</tr>
<tr>
<td>White Gold 18kt</td>
<td>75%</td>
<td></td>
<td>25% (or Pt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White Gold 22kt</td>
<td></td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Rose Gold 9kt</td>
<td>37.5%</td>
<td>20%</td>
<td>42.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rose Gold 10kt</td>
<td>41.70%</td>
<td>20%</td>
<td>38.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rose Gold 14kt</td>
<td>58.30%</td>
<td>9.2%</td>
<td>32.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rose Gold 18kt</td>
<td>75%</td>
<td>9.2%</td>
<td>22.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rose Gold 22kt</td>
<td>91.7%</td>
<td></td>
<td>8.40%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: http://www.gold.org/jewellery/about-gold-jewellery
1.8 KDM (CADMIUM) Mark

KDM mark is Gold jewellery from some places in southern stats of India, is marked with a KDM stamp which simply means that the jewellery was soldered with cadmium. Cadmium was traditionally used in soldering of gold jewellery for its good properties of liquidity and melted at lower temperatures. Smoke emanating from cadmium soldering caused health hazards to artisans. In many countries, the KDM seal was made compulsory as a warning to those using it. Subsequently KDM – marked jewellery was banned in many countries, but in India, goldsmiths are using and proclaiming that it is for the quality of the gold. KDM does not stand for quality and using any type of gold solder either KDM or another gold, solder to make the jewellery does not guarantee the purity of gold as the purity is a representation of the percentage of gold in any metal. KDM mark is a statutory warning against the use of jewellery made with cadmium soldering. However, the jewellers often advertise KDM as a quality – mark and sell the jewellery at a premium price.

1.9 SOVEREIGN

Sovereign is actually a gold coin of United Kingdom issued way back in 1817, which is valued roughly at one- pound sterling. The weight of the gold coin is roughly 7.988052 grams. Even after British left India, we still use the term “sovereign” as a unit to measure gold jewellery. (sovereign = eight grams of Gold).

Making charges and wastage charges levied by the jewellers on the price of the jewellery without any justification from the part of the jewellers, they are
charging arbitrarily. Thus, it is important for the consumers to know about what is making and wastage charges.

1.10 MAKING CHARGERS

Making charges are the charges the buyer has pay to the Goldsmith to make the jewellery out of raw gold. A good design is the culmination of artistic view and effort to create a wonderful design that attracts the eyes of the buyer. So for making such designs, jewellery stores generally charge the customer with making charges. This varies from design to design bared on the complexity. It varies based on jeweller, but there are no fixed charges, and jewellers are charging the maximum from the buyer, which in turn makes the jewellery expensive.

1.11 WASTAGE CHARGES

During the process of making the jewellery, some amount of gold will be wasted or will be lost while cutting, soldering and melting. Hence, the gold gets ‘wasted’ in the making of jewellery. This is called as wastage charges and jewellery stores generally demand the buyer to pay this wastage charge, eventually, the price of the gold jewellery will become expensive. The wastage charges are dependent on the type of gold jewellery, and they range between 3 percent to 25 percent. Wastage charges are expressed as a percentage of weight of gold ornament.

1.12 VALUE ADDED TAX (VAT)

The value Added Tax (VAT) is a type of indirect tax and is one of the major sources of revenue to the state Government. It is a multi – point sales tax. It is collected on value addition at each stage. It differs from the sales tax in that,
with the sales tax, the tax is collected at the point of purchase by the end consumer and remitted to the Government only once. The VAT system of taxation was adopted by Indian states and Union Territories in the year 2005 by replacing the General sales Tax Laws. In Tamil Nadu VAT system was introduced on January 1, 2007. Each state or union territory has its methods to assess the tax liability and collection methods from the dealers who fall under the purview of VAT. One percent VAT is levied on silver and gold jewellery products in Tamil Nadu.

1.13 BILL FOR GOLD JEWELLERY AT THE TIME OF PURCHASE

Price of gold jewellery = Price of 22kt gold x [weight in Grams + (wastage charges as a percent of weight)] + marking charges.

Total price = cost of the gold jewellery based on weight + VAT on the price of gold based on weight.

1.14 HALLMARK

The price of gold per gram is based the purity of the gold. Hence, it is highly relevant to know what the hallmark is, and why it is certified. Hallmark is an impressed symbol indicating the purity of gold, and certified by Bureau of Indian Standards (BIS). The hallmark certification is given to the gold jewellery, based on the purity of gold, for example, if the jewellery is rated as 916, it means, out of 100 percent, 91.6 percent is pure gold and remaining 8.4 percent is of other metals per gram. Hallmark indicates that the gold content in the jewellery has been evaluated and that the gold adheres to international standards of purity. So, gold quality as claimed by the jeweller to be genuine.
1.15 BIS HALLMARK CONSISTS OF FIVE PARTS.

Gold hallmark consists of five parts. The first is the logo of the BIS standard mark. The second is the purity/fineness mark. This refers to the gold karat and is represented as the amount of gold in parts out of 1000. So, if the mark says 916, then it means that gold forms 916 percent of the total metal. The third part of the hallmark is the mark of the assaying centers with their symbols can be found on the website of the BIS. The fourth part is the logo of the jeweller, and the final part is the year of marking represented by a code approved by the BIS. For example: ‘A’ denotes the year 2000, ‘B’ denotes the year 2001 and ‘C’ denotes the year 2002, ‘D’ denotes the year 2003, ‘E’ denotes the year 2004 and so on.8

Trend Smith conducted a survey to understand the shifting needs, motivations and aspirations of the consumers in the jewellery market, and to identify new trends and opportunities. The research study arrived at: (i) Jewellery was regarded as an investment, (ii) Consumers focus shifted to content to design (iii) The younger generation looking for trendy designs (iv) Consumers wanted a wider selection at a single convenient location and expected an international shopping experience. This paved a new way in the jewellery market and jewellers trying to change the attitude and perceptions of the consumers. However, it is very difficult for the jewellers to assess the consumption analysis of consumers how they take a decision while buying the gold jewellery, and the attention is focused to study the factors responsible for the decision making process of consumers while buying gold jewellery. Based on the background the present research has been attempted to study the consumer behaviour towards gold jewellery.
1.16 REVIEW OF LITERATURE

Review of literature is important for any research to find out the research gap. In order to find the research gap the researcher has reviewed seven articles published in the international journals, and sixteen articles published in the national journals. Further, books, and journals relating to gems and jewellery industry, unpublished master’s thesis, and unpublished PhD dissertations, have also reviewed. Though several studies have been made in their research, so far no study has been conducted on Consumer Behaviour towards Gold Jewellery in Tamil Nadu. Therefore, it is considered as research gap and the present study has been undertaken. The details of literature review has been presented in chapter II.

1.17 SIGNIFICANCE OF THE STUDY

The current account deficit has been of a major concern for hindering the growth of Indian economy. A surge in gold imports is creating a wider gap in the current account deficit. The bullion is the second largest import item after oil and is one of the principal factors for balance of payment crisis. The Government of India is taking actions to curb the import of bullion by imposing import duty, but gems and jewellery industry is keep importing the gold, to meet demands of Indian gold and gold jewellery consumers. Indians are buying gold and gold related products without worrying the price of the gold is the primary reason for the huge volume of gold import and generate a gap in current account deficit. Indian consumers are accumulating gold jeweller whenever they have the opportunity, but this asset turned as unused asset. Further, Many jewellers are selling inferior purity gold jewellery and assuring as the finest quality jewellery. Even though the government
of India introduced hallmark certification for gold jewellery, consumers are still not aware of this scheme. Hence, the present study on “consumer behaviour towards gold jewellery” considered important.

1.18 STATEMENT OF THE PROBLEM

According to world gold council, India is the largest market for gold jewellery in the world next to China. There is a great demand for gold jewellery in the Southern states of India. Tamil Nadu, Kerala, Andhra Pradesh and Karnataka, are the major contributors in sales and account for a significant portion of gold jewellery market in India.

According to the Indian culture, wearing gold jewellery by women is custom, and every Indian family has at least 30 to 40 grams of gold in the form of jewellery. There are several reasons behind it; Indians are buying jewellery for self-use, investment purpose and gift purpose. Wedding is a grand celebration in India, and the affluent father gives jewellery to her daughter as a gift for her financial safety. Gold jewellery is a liquid asset for every Indian to take a quick loan during the times of financial emergency. Despite, the soaring price of gold, Indians are buying gold jewellery whenever they have surplus cash balance at regular intervals. Buying gold jewellery is a passion for Indians, and they are keeping them as unused liquid asset for many years. However, in the recent years, Indians’ are buying gold jewellery for adornment rather than investment, and gold jewellery became a style and fashion accessory.

In Tamil Nadu, There are so many branded and non-branded jewellery shops and small retailers and family goldsmiths are selling jewellery to the
consumers in every town and city. These jewellers are selling 16kt, 18kt, 22kt and 24kt gold jewellery, with hallmark and without hallmark certification. However, branded jewellery shops are selling only 22kt jewellery and 18kt if it is studded with precious stones, with the hallmark.

Jewellery shops are selling several types of gold jewellery such as antique jewellery, bridal jewellery, bead jewellery, custom jewellery, fashion jewellery, filigree jewellery, gold jewellery, handmade jewellery, ivory jewellery, jade jewellery, Kundan jewellery, lac jewellery, meenakari jewellery, navaratna jewellery, pachchikam jewellery, stone jewellery, temple jewellery and tribal jewellery. Further, gold jewellery for rings, arms, neck ornaments, body jewellery, jewellery for legs and feet also available in the market. Apart from this, jewellery is available for special occasions and festivals to match the costumes of the bride and bridegroom and to satisfy the taste of consumers of various religions. Consumer prefers to buy gold jewellery, according to the family members decision, culture, tradition and religion. Indian farmers are also largely buying gold jewellery after the harvest period, and during the financial crisis, they mortgage it or sell it. Since it is unorganised market the jewellery consumers are facing problems while buying gold jewellery they are:

i. Gold price is being fixed in two times in India according to the International bullion market. Since, the gold price is highly volatile many consumers are not aware of the current market of price of gold at the time of buying, and various selling prices are fixed by the retailers based on the regional market.
ii. In India, many retail jewellers and goldsmiths are selling inferior quality 16kt, 18kt jewellery assuring as superior 22kt jewellery. Many consumers are not aware of the pure quality, and hallmark gold certification introduced by the BIS and the use of karat meter.

iii. When consumers are buying gold jewellery studded with American diamonds (Cubic Zirconia- not real diamonds), they are ignorantly paying the gold price for the weight of fake diamonds also which is not worth.

iv. Jewellers are charging exorbitant rate of wastage (three percent to 25 percent) charges and labour charges from the consumers while they buy, but at the same time, when consumers exchange their old gold jewellery, they deduct a maximum amount for wastages (scrap).

v. Without knowing the significance of the purchase bill consumers are not, insisting purchase bill after their jewellery purchase is completed, because to evade VAT, this is not safe for the consumers.

Based on the above, it is important to study the consumption analysis of consumers. The research questions are, how they make a purchase decision, what factors prompted them to buy gold jewellery, what type of jewellery they buy, what design of gold jewellery they prefer to buy, whether they are aware of the quality of gold and hallmark certification, What is the perception of consumers about gold jewellery, and whether the customers are satisfied after their purchase, these questions are warranting enquiry. Therefore, the researcher has undertaken the present study.
1.19 OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To analyse the factors that are responsible for motivating the consumers for purchasing gold jewellery in the sample districts of Tamil Nadu
2. To assess the level of consumers’ awareness about gold jewellery in the sample districts of Tamil Nadu
3. To study the consumers’ preference towards branded and non-branded gold jewellery in the sample districts of Tamil Nadu
4. To study consumers’ perception regarding gold jewellery in sample districts.
5. To study about the customers’ satisfaction towards gold jewellery in the sample study area
6. To offer suggestions for the benefit of consumers.

1.20 HYPOTHESIS OF THE STUDY

1. There is no association between consumers’ preference and satisfaction in the purchase of gold jewellery.
2. There is no association between consumers’ perception and customer satisfaction in the purchase of gold jewellery.
3. There is no significance between occupation of the customers’ and their level of satisfaction in their gold jewellery purchases.
4. There is no relationship between type of gold jewellery purchased and their preference.
5. There is no significant relationship between purchase frequency of gold jewellery and consumers’ preference.
1.21 PILOT STUDY

A pilot study has been conducted to assess the questions and to assess the feasibility of the study. The filled up questionnaires collected from 60 respondents, and Cronbach’s alpha test has been applied to test the reliability the following table indicate the reliability of the data collected from the respondents.

Table 1.21. Pilot Study

<table>
<thead>
<tr>
<th>Variables</th>
<th>Scale</th>
<th>Mean</th>
<th>Reliability Cronbach’s alpha</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>1-5</td>
<td>18.0667</td>
<td>0.527</td>
<td>0.000</td>
</tr>
<tr>
<td>Preference</td>
<td>1-5</td>
<td>38.1356</td>
<td>0.739</td>
<td>0.000</td>
</tr>
<tr>
<td>Brand preference</td>
<td>1-5</td>
<td>32.2542</td>
<td>0.822</td>
<td>0.000</td>
</tr>
<tr>
<td>Perception</td>
<td>1-5</td>
<td>36.6000</td>
<td>0.639</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>1-5</td>
<td>8.5500</td>
<td>0.829</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Primary Data

From the above table, it found that some of the reliability co-efficient greater than 0.75. Then the researcher modified a few variables. The statement for the variables with less than reliability co-efficient after changing some of the statements the researcher went ahead for the main study.

1.22 METHODOLOGY

1.22.1 Research Design

The research design of the study is conducted using both analytical and descriptive type of methodology. The study primarily depends upon primary data.
1.22.2 Study Area

The study area of the present research is the state of Tamil Nadu. The state as a good record of possessing the maximum number of gold Jewellery buyers. It comprises the customer with different demographic background and large consumer area. The state also consists of twelve corporations and the one metropolitan city of Chennai. It also consists of a heterogeneous group of consumer with different religious background, economic background and occupational background.

Table 1.22.2 Questionnaires Distributed to Consumers

<table>
<thead>
<tr>
<th>Sample Districts</th>
<th>Questionnaires Distributed to Consumers</th>
<th>Responded</th>
<th>Not Responded</th>
<th>Returned &amp; Responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coimbatore</td>
<td>150</td>
<td>122</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>Cuddalore</td>
<td>137</td>
<td>130</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>Madurai</td>
<td>125</td>
<td>117</td>
<td>17</td>
<td>100</td>
</tr>
<tr>
<td>Nagapattinum</td>
<td>113</td>
<td>110</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Thiruvarur</td>
<td>132</td>
<td>124</td>
<td>24</td>
<td>100</td>
</tr>
<tr>
<td>Tiruvalur(Chennai)</td>
<td>160</td>
<td>140</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>817</strong></td>
<td><strong>743</strong></td>
<td><strong>143</strong></td>
<td><strong>600</strong></td>
</tr>
</tbody>
</table>

Sample Size Justification

The researcher intended to justify the sample size, as a representation of population parameters. The formula used to determine the sample size consists of variables pertaining to population parameters which are unknown. So, the use of
the formula would not do justice to determine the appropriate sample. Therefore, the researcher adopts following statistical approach to justify the sample.

1. The application of KMO and Bartlett’s test for the statements in Likert’s five-point scale for the grouping of variables indicates the sampling adequacy.

2. The cumulative variance derived from each factor analysis indicated the variance above 40 percent. The variable loadings in each factor possess 75 percent variables with appropriate meanings.

3. The application of k-means cluster analysis over the factors derived indicated the heterogeneous group formation which is a supportive proof for the coverage of various customers’ with various perception.

4. After obtaining the factors and clusters, the researcher parametrically and non-parametrically derived the relationship with many demographic backgrounds. These exhaustive relationships indicated the distribution of sample over the population with less than 5 percent admissible errors.

This step wise process justifies the sample size of 600 for the representation of population parameters.

1.22.3 Sampling Technique

Multi-stage random sampling technique has been used for this study

In the first stage of sampling, out of 32 districts in Tamil Nadu, Six districts have been selected at random. The selected districts are i) Cuddalore ii) Coimbatore iii) Madurai iv) Nagapattinam v) Tiruvallur and vi) Tiruvarur.
In the second stage of sampling,

(i) from Cuddalore district out of total 13 blocks, four blocks have been selected at random,

(ii) from Coimbatore district, out of total 12 blocks, four blocks have been selected at random,

(iii) from Madurai district, out of total 13 blocks, four blocks have been selected at random,

(iv) from Nagapattinam district, out of total 11 blocks, four blocks have been selected at random,

(v) from Tiruvallur district out of total 14 blocks, four blocks have been selected at random and

(vi) from Thiruvur district out of total ten blocks, four blocks have been selected at random.

In the third stage of sampling from, each block, of one village panchayat, has been selected at random.

In the fourth stage, after identifying the village panchayats, the researcher distributed the questionnaires proportionately with respect to the number of village panchayats and the number of respondents in the village panchayat.

The following figure 1.1 indicates the details of the sampling procedure adopted for the study in the selected districts.
1.1 Sampling Plan

Tamil Nadu

- Coimbatore
  - Block - 52
    - Karanadai
      - Village Panchayat 17
        - Manur
          - 25 Respondents (Households)
    - Thondaimuthur
      - Village Panchayat 9
    - Anamalai
      - Village Panchayat 10
      - Desamparapram
        - 25 Respondents (Households)
      - M.G. Purur
        - 25 Respondents (Households)

- Cuddalore
  - Village Panchayat 51
    - Cuddalore D.T.
      - Villaim
        - 25 Respondents (Households)
    - Village Panchayat 42
      - Village Panchayat 57
        - Chidambram
          - 25 Respondents (Households)
        - Village Panchayat 47
          - Lajpuram
            - 25 Respondents (Households)

- Madurai
  - Block - 53
    - Madurai East
      - Village Panchayat 90
    - Madurai West
      - Village Panchayat 93
    - Sankarapatti
      - Village Panchayat 31
      - Villaim
        - 25 Respondents (Households)
    - T.K. Kudiyar
      - Village Panchayat 11
      - Villaim
        - 25 Respondents (Households)
      - Lakshimiapuram
        - 25 Respondents (Households)

- Nagapattinam
  - Block - 51
    - Nagapattinam
      - Village Panchayat 20
    - Mayankadhomal
      - Village Panchayat 54
    - Sithuli
      - Village Panchayat 39
    - Kudiyar
      - Village Panchayat 42

- Trivandrum (Chenmal
  - Block - 54
    - Villaim
      - Village Panchayat 17
    - Pouvidi
      - Village Panchayat 49
    - Pourothawalky
      - Village Panchayat 28
    - Misur
      - 79 Respondents (Households)
    - Anurakam
      - 79 Respondents (Households)
    - Korallur
      - 25 Respondents (Households)

- Vellore
  - Block - 50
    - Vellore
      - Village Panchayat 50
    - Madur
      - Village Panchayat 49
    - Alakkam
      - Village Panchayat 34
    - Pensamagram
      - 25 Respondents (Households)
1.22.4 Questionnaire Design

A well-structured questionnaire has been employed for the study to elicit primary data from the respondents of sample districts. The questionnaire totally consists of six parts denoted in the alphabetical order. The part A is completely delegated to ascertain demographic and purchase details of the consumers. Part B is defined for factors motivating consumer behaviour. This consists of totally eleven questions in optional type question or yes or no questions. Part C is made up consumers’ awareness it comprises eight questions both in by-polar type as well as optional types questions is considered. Part D is dedicated for consumers’ preference which is referenced by the questions regarding preference and brand preference. It also consists of three types of questions namely; optional, by-polar and statement indicate five point Likert’s scale. Part E and Part F completely deals with consumers’ perception and satisfaction. The perception and satisfaction ascertain through statements in five point Likert’s scale.

1.22.5 Scaling Technique in the Questionnaire

The present research lies upon the very important scale to measure preference, perception and satisfaction of consumers. The responses of these sections are obtained in five-point Likert’s scale as per the measurement of consumers. The following table shows the scale measurement.

**Table 1.22.5 Five Point Likert’s Scale**

<table>
<thead>
<tr>
<th>Preference</th>
<th>Perception</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 – Strongly agree</td>
<td>5 – Strongly agree</td>
<td>5 – Highly satisfied</td>
</tr>
<tr>
<td>4 – Agree</td>
<td>4 – Agree</td>
<td>4 – Satisfied</td>
</tr>
<tr>
<td>3 – Undecided</td>
<td>3 – Undecided</td>
<td>3 – Neither satisfied nor Dissatisfied</td>
</tr>
<tr>
<td>2 – Disagree</td>
<td>2 – Disagree</td>
<td>2 – Dissatisfied</td>
</tr>
<tr>
<td>1 – Strongly disagree</td>
<td>1 – Strongly disagree</td>
<td>1 – Highly dissatisfied</td>
</tr>
</tbody>
</table>
1.22.6 Secondary Data

Secondary data were collected from journals, magazines, publications, books, dailies, periodicals, articles and research papers, websites, company publications, manuals.

1.22.7 Variables Used

The researcher has used two types of variables in the present research namely independent and dependent variables. The independent variable domain consists of demographic variables, motivating variables and gold preference variables. In particular, all these variables are optional type categorical variables with internal segmentations. The dependent variables consist of statements in Likert’s five point scale pertaining to customer preference, brand preference, purchase decisions and customer satisfaction. All these variables are psychological and perceptual variables. The whole analysis is presented in the three stages with respect to independent variables in order to obtain a point of culmination in the analytical approach.

1. Analyzing the independent variables separately
2. Analyzing and reducing the dependent variables separately
3. Relating the set of independent and dependent variables through parametric and nonparametric approaches.

This three-stage approach exhaustively relates and analyses the set of independent variables and dependent variables, which are useful to verify the objectives as well as to test the hypotheses.
1.22.8 Data Analysis

The collected primary data are analysed using SPSS (Statistical Package for Social Science) and other computer packages like excel and AMOS (Analysis of Moment Structure). The following statistical tools are used to obtain the desired results.

i. Simple percentage analysis is used to find the distribution of demographic and purchase details of gold jewellery.

ii. The parametric ‘t’ test is employed to compare the mean values and hypothesized mean value, the test also indicate the overall perception of consumers towards motivation, awareness, preference, perception and satisfaction.

iii. The factor analysis and the principal component method are found suitable to derive the financial factors of motivation, preference, perception, and satisfaction.

iv. K-mean cluster analysis to exploit to classify the respondents based on the perception towards motivation, awareness, preference, perception and satisfaction.

v. One-way ANOVA analysis of variance has been applied to ascertain that significance relationship between demographic variables and purchase details, as well as consumer behavioural factors.
vi. In non-parametric, chi-square analysis of association is brought to find an association between clusters of consumers and demographic as well as purchase details.

vii. The linear multiple regression analysis is found appropriate to find influence of independent demographic and purchase details over the factors of motivation, awareness, preference, perception and satisfaction.

viii. Structural Equation Model (SEM) is used to develop an empirical model uniting independent variables with dependent variables.

1.23 PERIOD OF DATA COLLECTION

The primary data collected for the study for a period of eight months from April 2013 to November 2013.

1.24 LIMITATION OF THE STUDY

The researcher had confined the study because of the limitations listed below:

1. Available literature relating to the present study is very limited.

2. The present study is limited to consumer behaviour towards gold jewellery only, and jewellery made with other precious metals has not been studied.

3. Since, majority of the consumers keep and preserve their gold jewellery for a long time, and a few customers’ exchanged their old jewellery for new jewellery, post purchase behaviour of the consumers has not been attempted.
1.25 ORGANISATION OF THE THESIS

1. The first chapter focuses on the introduction, statement of the problem, objectives of the study, scope of the study, statistical tools, and period of study, operation definition, methodology, sampling, and limitations of the study.

2. The second chapter deals with review of the literature.

3. The third chapter consists of the study about the factors that are responsible for making decisions of buying gold jewellery among the consumers.

4. The fourth chapter describes the level of consumers’ awareness about gold jewellery products.

5. The fifth chapter deals with consumers’ preference towards branded and non-branded gold jewellery.

6. The sixth chapter is allotted for on the consumers’ perception towards gold jewellery among the gold consumers of gold jewellery.

7. The seventh chapter focuses the study of the level of satisfaction among the gold jewellery customers’.

8. The last chapter gives findings, suitable suggestions, and conclusion.

1.26 STYLE OF THE PRESENT REPORT

The present report has been prepared according to “Chicago Style for Students and Researchers”. 9
END NOTES


3. Himadri Bhattacharya 2002 Deregulation of gold in india – a case study in deregulation of the gold market. World Gold council:16


7. Ibid
