Chapter 2

Conceptual Overview of Marketing Strategies in the Gold Ornament Market of Kerala
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The previous chapter the researcher has sought to draw an overview of the gold ornament market in Kerala. In fact perseverance on the part of traders in the gold ornament market in Kerala is very difficult because of tough competition and hence the imperative of building very good relationship with consumers more than ever before. Consequently, jewellery retailers are using their own unique suitable marketing strategies, operating structures and systems for acquiring new consumers and retaining the existing ones. To understand the influence of these marketing strategies on consumers of gold ornaments in Kerala, the researcher has made an attempt to give a detailed presentation of the existing marketing strategies employed by the jewellery retailers in the gold ornament market of Kerala.

In the course of the research study it has emerged that marketing strategies of a jewellery retailer are most effective when only they constitute it as an integral component of an overall strategy, defining how the jewellery retailer would successfully engage customers, and competitors in the market arena. Here marketing strategy can serve as the foundation of a marketing plan of the jewellery retailer which contains a
set of specific actions required to implement a marketing strategy fruitfully. That is to say, marketing strategy is formulated in terms of the marketing mix, and it involves determining the product features, price, distribution, promotion and the purchasing behaviour of consumers.

Due to enigmatic consumer behavior, it is inevitable for the jewellery merchant to develop new marketing strategies in the gold ornament market of Kerala. The 4 P’s of marketing – price, product, place and promotion are not much useful in developing marketing strategies. Therefore jewellers are also considering ‘people’ (consumer) as the 5th P of the marketing mix for marketing strategy formation.

In this study the researcher seeks to propound that “marketing strategy is a plan that revolves around the 5 ‘Ps’ of marketing. Here the marketing manager relies on product, price, place, promotion and people-related strategies for developing a full amount of feasible marketing programmes for a jewellery retailer. In other words it is a practicable and suitable top management blue print that links the jewellery retailer and consumer.

The research prosecuted and the foregoing explanation by the candidate amply make it clear that a marketing mix is made up of five elements, namely, product, price, place, promotion and people and that they constitute the core of marketing decisions from the angle of the
marketer in the gold ornament market. As elucidated earlier, the five ‘Ps’ model of marketing mix has gained acceptance probably more because of its elegance than its validity in all the situations. Further, each of the five Ps’ can be broken down into a number of sub-components.

2.1 Product-related marketing strategies

The product as a whole must be presented to consumers effectively. Advertising, pricing and other parts of the marketing mix strategy must work together to attract and induce the target market to purchase the product. At the growth stage of the PLC, jewellery shops focus on adding new product features by introducing new brands and new designs in their jewellery collections. The present section of this chapter addresses the question of the influence of the product-related marketing strategies in the gold ornament market of Kerala. While analyzing the influence of the product-related marketing strategies on the gold ornament market of Kerala, the researcher took into consideration two important product related strategies, namely, introducing a variety of jewellery designs and product-quality improvement strategies. The following paragraphs give a brief exposition of each product-related strategy selected for the study.

2.1.1 Introducing variety of jewellery designs

Now-a-days, consumers are more brand-conscious than ever before. Introducing new varieties of designs is one of the marketing
strategies resorted to for attracting consumers at the growth stage of a jewellery shop. It is altruism that people purchase a lot of products. But which product they buy and how they make a buying decision has a lot to do with how they feel about the brands. Product features can be easily duplicated and therefore jewellery retailers give a brand name to some of the jewellery items because they are considered a marketer’s tool for creating product differentiation. The famous jewellery retailer has its own gold jewellery manufacturing unit with craftsmen from all over the country churning out the best designs. They are providing designer, imported and in-house designs to their consumers. Some of the jewellery retailers like Malabar Gold and Kalyan Jewellers have developed and introduced their own brands (In-house designs). An in-house design is one that is designed by the jewellery retailer. In other words, these are jewellery retailers who have their own designs. In addition to this, the gold ornament market of Kerala is flooded with designers fashion jewellery for the stylish and elegant young women of these fashionable times. The glitter and glamour associated with jewellery attracts not just women but also the metrosexual man. Keralites prefer to wear their ornaments frequently rather than only for some special occasions. Though fashion conscious, most women like to wear something unique to project their assumed good taste and aesthetic sensibility. At present, jewellery shops are offering an amazing variety of innovative jewellery designs to their consumers. The marketing
decisions start with designing the product in a way which is required by the target consumer. Designer jewellery is one designed exclusively for a manufacturer or distributer by a well-known and respected specialist. This design is limited; the quality expected is of the highest standard. Another one is the jewellery design that is imported from abroad like the Singapore design, Egyptian design, Arabian design, and Calcutta design. In other words, there are jewellery retailers who have their own designs.

2.1.2 Product quality improvement Strategies

Indeed, during the growth and maturity stages jewellery retailers concentrate on improving the quality of the product that they sell. Product quality improvement strategy helps the jewellery retailer get a rapid climb in sales and also earn maximum profit. This strategy can be achieved through, providing BIS 916 hall marked gold ornaments and by using purity analyzer. These two techniques are helpful in increasing consumer satisfaction and profit maximization.

2.1.2.1 BIS 916 hall marking scheme

916 hall marking schemes are based on the quality management systems principles. Now most of the BIS certified jewellery retailers usually consider 916 hall-marking schemes as a very effective marketing strategy for promoting the sale of their gold ornaments. For boosting the hall marking scheme, major initiatives have been taken by the government as well as BIS recently. During 2005-2006, BIS has
conducted a series of awareness programmes all across the country in which large number of jewellers and consumers actively participated\(^1\).

As hall–marking is not mandatory, the BIS certified jeweller does not have to hall mark its entire stock of jewellery at one go. Hence, hall-marked jewellery is differentiated through special counter tags or labels. Gradually, the jeweller can convert his stock into hall-marked jewellery, but it is his responsibility to differentiate hall marked jewellery from non hall-marked jewellery\(^2\). Most jewellery retailers are giving guarantee for purity of 916. This would promise a level of superior gold quality and purchasing such hallmarked gold materials would be naturally giving unpolluted original items. As a matter of fact, every Keralite intensely longs for owning the 916 and hall marked items.

### 2.1.2.2 Purity analyzer facility

Some of our famous jewellery shops put much emphasis to the purity and quality of the ornaments that they sell. Improving product quality is one of the important strategies that are mainly employed at the growth and maturity stages of the PLC of a jeweller shop. They are providing purity analyzer facility to their consumers. While buying gold or gold ornaments, people have to check the purity of the yellow metal with the help of a purity analyzer if they want to get gold of absolute purity.

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\(^1\) Report, India 2007, Bureau of Indian standards, Published by ministry, information and forecasting government of India, 2008, 436–438.

\(^2\) ibid.
purity. We know that a perfect sovereign would be of 24 carrot or 100% pure Gold. However, generally gold for ornaments are mixed with copper in a less fraction; 22 carrots or 916 is the purity of the ornamental gold. Therefore, the consumer should make sure when they buy gold that they are getting only 24 carrots or 22 carrots gold. So it is advisable to seek the help of a purity analyzer while a consumer buys gold.

2.2 Price-related marketing strategy

We can say with certitude that prices play a significant role in the Indian economy and the turnover of an organization. Pricing strategies can have a large impact on profit, so should be given the same consideration as promotional strategies. A higher or lower price can significantly impact upon gross margins and sales volume. In the gold ornament market, pricing strategy of the jewellery retailer always plays a crucial role. Here many pricing strategies exist and each is based on a particular set of circumstances. The main goal of the pricing strategy of a jewellery shop includes increasing market share and profit maximization.

The present section of this chapter focuses on the influence of the price-related marketing strategies in the gold ornament market of Kerala. While analyzing the influence of the price-related marketing strategies in the gold ornament market of Kerala, the researcher has taken into consideration three important product-related strategies, namely, price reduction, gold purchasing plans and rate tag facilities for the study. The
following paragraphs deal with the price-related strategies selected for the study.

2.2.1 Price reduction

Scaling down the price to lure buyers is a vital price-related marketing strategy that is used by the jewellery retailer in the growth stage. Big and medium jewellery retailers offer price reductions in their final bill, but most of them often refuse to give the real bill. Small jewellery retailers are not ready to compromise with price reductions. Some famous jewellery retailers charge wholesale rate of manufacturing cost to wedding parties, if they buy gold in a bulk quantity. Big jewellery retailers give a maximum of 4% of price reductions from the final bill. Thanks to the increasing popularity of the gold ornament, the marketer is forced to hike the price incurred for the manufacturing of gold jewellery. The following paragraphs give a brief account of each of the selected pricing strategies.

2.2.2 Gold purchasing plans

As the price of gold ornament is rising by the hour, the jeweller offers the product on installment basis. Some of our jewellery shops introduce gold chitty plans for their customers. Under this scheme, customers make their payments in several installments and those who win the accompanying lottery need not pay the remaining installments. Other gold purchasing plans introduced by the jewellery retailer in the recent
times are the advance booking scheme, wedding purchase scheme and installment purchase scheme.

2.2.3 Rate/price tag facility

Rate/price tag facility is a new marketing technique used by jewellery outlets for saving the shopping time of the consumers and it reduces the sales person’s job. The rate tag/price tag facility gives the consumer all the pertaining information such as net weight, gross weight, actual price, discount rate and stone weight of the gold ornament that they put up for sale. All the information provided by the rate tag facility helps create customer loyalty towards the jeweller. The terms ‘rate tag’ and ‘price tag’ facility used for the sake of the customers mean the same.

2.3 Place (Distribution) - related Marketing strategies

There is no gainsaying the fact that selecting the right place/physical distribution strategy for a business is central to their profession as this is how the product gets to the customer. In the gold ornament market of Kerala, place/ physical distribution of the jewellery shop plays a pivotal role. Among a number of place or physical distribution-related strategies of jewellers in the gold ornament market of Kerala, the researcher has taken into consideration the distribution channel strategy for the study.
The distribution of products is the most essential and powerful element among the elements of marketing mix. Selecting the most suitable distribution channel for the gold jewellery item, to reach the consumer is a decision of great strategic importance. Cundiff and Still defines ‘Channels of distribution is a path traced in the direct or indirect transfer of title to a product, as it moves from producer to ultimate consumer or industrial user’. Distribution channel facilitate the function of breaking large quantities in small quantities. In the chain of distribution in the gold ornament market the retailer is an important intermediary and the last link, performs good many functions of marketing. Jewellery retailer is one whose business is to sell to consumers a wide variety of jewellery design are assembled at his premises as per the needs of final users. They have close contact with the producer and the ultimate consumer. And they sell goods in small quantity. Consumers’ store choice may be based on different criteria depending upon the nature of the trip. The small jewellery retailer generally knows most customers by their name and has their confidence earned only over a long period of time.

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2.4 Promotional Strategies in the gold ornament market of Kerala

Most people would rather buy their ornaments from a jewellery retailer they like even if they don't know them personally. Promotional marketing is a part of an overall marketing strategy for every jewellery shop. A jeweller may use one or a combination of two or more of the promotional tools available to reach out to its targeted customers. The marketer often uses the term promotion mix to describe the types, combination and promotion of various promotional tools employed. To promote the business successfully, a jeweller has to be aware of whom he needs to reach out to and what he is trying to achieve.

Promotional strategies should focus first and foremost on the existing consumers. The jewellery shop should make sure that consumers are aware of the full range of their products and services and create opportunities to generate repeat and higher value purchases. The jewellery shop should try to prompt their existing consumers to spread the fame of their enterprise, perhaps, by trying out new products and services and offering rewards for introducing new customers.

Promotional strategy is one of the important Product Life Cycle (PLC) stages strategies used in the gold ornament market of Kerala. Promotional strategies play a significant role in the introduction and growth stage of the PLC of a jewellery shop. When the jewellery shops
focus on promotional activities on potential customers, it should aim at creating brand awareness and credibility. Day in and day out, people are bombarded with messages. There is no way to evaluate and act on all these messages, so we pick and choose from among them. This makes the choice of promotional tools extremely important. There are a number of promotional strategies that are used in the gold ornament market of Kerala like special packaging, catchy slogan, advertisements, brand ambassadors, celebrating auspicious days, appointing canvassing agents, gift vouchers, coupons, and promotional offers. From among a number of promotional tools used in the gold ornament market, the researcher has taken into consideration five main promotional strategies. They are advertisements, brand ambassadors, celebrating auspicious days, offers and canvassing agents. The following paragraphs give a brief explanation of each tool.

2.4.1 Advertisements

It is irrefutable that advertising is a vital element in the promotional mix of marketing. The extent to which advertisement is used as a communication tool depends upon the nature of the business. Advertising plays a very crucial role in modern business, especially, in the gold ornament market. It is a tool used by marketers and end users of the products and services. It moves markets and minds and it is growing as the back bone of modern national and international jewellery
retailers. Advertisements in different media help to show the size of the jewellery shop and the range of different collections of ornaments.

Now the jewellery business is on a competition of spending crores of rupees. For opening a new jewellery shop, their initial advertisement expenditure is in the range of five million to ten million rupees\(^7\). Jewellers are giving advertisements in different mediums for attracting and retaining customers. Media has traditionally played little part in influencing decisions. Today there is a shift from print to television.

In television, there is a unique blend of sight, colour, movement, sound, timing, repetition and one is exposed to it in one’s living room. No other medium can ever compete with television as far as effective presentation is concerned\(^8\). The three most attractive parts in TV advertisements, which appeal most to the viewers, are model, product, and action of models\(^9\). Television advertisements of jewellers have immense psychological impact on consumers. The jewellery advertisements are mainly given in between the time of serials, films and reality shows.

Jewellery advertisements are mainly done with the help of celebrities. Schiffman and Kanuk (2000)\(^{10}\) observed that advertisers

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spend enormous amounts of money to have celebrities to promote their products in the expectation that the target market will react positively to the celebrity’s association with their product or brand. Most of the jewellery commercials nowadays have professional models/celebrities to create an impact on the target group. This is to impress upon the target audience the association of celebrities with their product. A celebrity is a person (such as sports icons, film stars, models, TV personalities or popular entertainers) with high credentials and magnetism. Basically, celebrity endorsements give a brand a touch of glamour, and they hope that a famous face will provide added appeal and facilitate detection in a crowded market. In the battle for the mind, showing a known face excites the consumer, and an effective demand is created. Of all the positive characteristics that a celebrity might contribute to jewellery shop advertising, his or her credibility and trustworthiness with the consumer audience is most important. Success of the endorsement depends on the credibility of the endorser. By the credibility of the celebrity is meant the audiences’ perception of both the celebrity’s knowledge and the product. A large segment of the audience can instantly recognize and identify itself with the famous person and the attraction and good will associated with him or her can be transferred to the product. The “Nakshtra” diamonds endorsed by the iconic actress and beauty queen, “Aishwarya Rai” looks more beautiful than others in the eye of the beholder because of her
sensuous appeal. Of course, a familiar face in an advertising feature evolves a greater interest in the projected item. In the gold ornament market of Kerala, advertisements featuring of more than one celebrity, endorse a product. Chung and Mc Donald (2002) noted that multi-endorsement advertising might appeal to multiple audiences. Given the fact that an advertiser can afford to employ a number of celebrities, multi-celebrity endorsement advertising may help the advertiser to build a sense of consensus, avoid boredom, and appeal to multiple audiences. The objective is to get the products noticed, garner faster brand recognition and make the commodities more elegant and classy. An interesting point is that a few celebrities in the gold ornament market are finding acceptance with consumers belonging to all socioeconomic classes.

Music & song are used to allure customers and it is central to the success or failure of a television commercial and its reach. Music and song are popularly used for gold ornament advertisements. Lane and Russel (2000) in a study observed that while discussing the creative essentials of advertising emphasizes that “music can be very powerful in catching the listeners’ attention and evoking feelings”. Another important factor is the design of the ornaments that are sought to be publicized in the advertisements. In T.V commercials, the display of gorgeous jewellery

advertisements creates a stunning impression upon the target audience and it has a visual impact which remains etched in the memory of the target group forever. Media buyers have to contact the sales representatives of the stations they are considering to find out what programmes are available to them. They also give the representatives information about the advertiser’s media objective and target audience. Sometimes, a jewellery advertisement is repeated frequently. There is also what is known as subliminal advertising which targets the subconscious of people. In this situation television advertisements alone may not be sufficient. They need supportive advertisements in other media.

In spite of the availability of several media, newspapers have retained their premier position as advertisement media. Newspapers are read by people across the entire demographic spectrum, social groups and cultural groups. Its readership cuts across a wide social spectrum. In fact, they are the preferred media for local advertising of jewellery retailers. Thus a jewellery shop advertisement in a newspaper has a wider sweep and compass. If a jeweller advertises in more than one paper, they can cover the entire market.

Large number of people read magazine published in various regional languages. The advertisements in these magazines can penetrate into the regional market. The printing quality of most magazines is far superior to that of any newspaper. Jewellery advertisements in magazines
provide various types of information pertaining to the location of the jeweller, offers, and the design of the ornaments available with a particular jeweller.

2.4.2 Brand Ambassadors in the gold ornament market

One can say for certain that in the gold ornament market of Kerala, the importance of the brand ambassadors has increased enormously in the last decade. The main reason of appointing a brand ambassador is to make a certain brand stand out conspicuously and make instant awareness. “Malabar Gold” endorsed by Sania Mirza has been effectively instrumental in increasing the company’s brand awareness. Brand awareness of “Malabar Gold” rose steadily after Sania’s appearance in the advertisement\textsuperscript{13}. She is considered to be highly dynamic with attractive and engaging personal qualities. From actress to beauty queen, from actress to sports stars, product endorsement and brand endorsement are done by them for a heavy price tag, whether one may agree or not. Mohan Lal as the brand ambassadors of Malabar gold; Jayaram for Francis Allukkas; Madavan for Joy Alukkas, Vijai for Jos Alukkas, Vikram for Josco and Other than Bombay model point towards in the increasing treat for the usage of brand ambassadors for the gold ornament market in Kerala. Popular personalities carry out the role of brand ambassadors. Here brand ambassadors do the role of a celebrity.

2.4.3 Celebrating auspicious days in the gold ornament market

At present jewellery shops are celebrating auspicious days as a marketing tool in a big way. Auspicious days play an important role in the gold business in India. In the Hindu culture gold is considered auspicious and is symbolic of Lakshmi, the goddess of wealth. Indians consider buying even a gram of gold on an auspicious occasion as an act of good omen. On Akshaya Tritiya, the third day of the new moon of Vaishaka month corresponding with April-May, one sees sales that rival the sales on the Karva chauth day in the north. There has been marginal increase in the sales every year on this day, which is considered one of the four most auspicious days of the vedic calendar. There are different versions of the celebration of "Akshaya Tritiya". One story goes that it was the day on which Adi Sankara sang his "Kanakadhara Sostra". Another version is that it happens to be the birthday of Lord Parasurama, one of the avatars or incarnations of Lord Vishnu. For south Indians akshaya stands for infinitude. And they believe that buying gold on that day brings affluence and prosperity. Jewellers offer special discounts, advance booking schemes, price discounts and other easy buying schemes during festivals. Auspicious occasions like Onam, Chingum first and Vishu in Kerala, Diwali, Christmas, Ramsan and Muharam differ from place to place in almost every part of the country. Diwali is the most resplendent and radiant of all Hindu festivals. Many believe that this day celebrates the nuptial union of Goddess Lakshmi and Lord Vishnu. People make a beeline for jewellery
stores on the occasion for purchasing gold or silver articles to welcome the Goddess into their homes. This day is also known as Dhanatrayodashi or Dhanwantri Triodashi, which is also a reason for people purchasing gold ornaments with enthusiasm. The markets are aglitter and consumers are on a buying spree.

2.4.4 Offers of the jewellery retailer

In order to entice wedding parties some jewellers meet the traveling expenses incurred by the would-be buyers. Providing tour packages to newlyweds is another new strategy resorted to for retaining loyal customers and attracting new ones\(^14\). Discount Voucher is a new strategy in the gold ornament market, with price discount to consumers for each jewellery purchase. Competition has also led to several promotional and gift schemes for Keralites. Joy Alukkas Group, which set up a wedding center at Kochi at a cost of Rs 5,00,00000 ($126,000), gave away 32 Maruti cars in a lucky draw in 2006\(^15\).

2.4.5 Canvassing agents

In the present competitive business situation, the jewellers try to enhance customer acceptability by heavy promotional investments in awareness building and by creating goodwill towards them and their


products. Appointing canvassing agents is a promotional strategy that is used in a large scale by the jewellery retailer for promoting their sale. It is one of the important and effective forms of promotion tools.

2.5 People (Consumer) - oriented Marketing Strategies

In today’s competitive business environment, innovative marketing methods are employed to fulfill the needs of consumers. Prasad and Nataraj (2006) in a study observed that in the present day scenario where the consumer is the king, it has become very important for the marketers to interact with the consumers, study their needs, explain the features of their products and convince the consumers the benefits of their products16. The jeweller retailer must then look at the tastes, habits, values and influencing factors of these potential customers. Hence, consumer-oriented marketing strategies give the jewellery retailer the tools required to examine which stores/distribution channels should carry the product; the price sensitivity of the product, and which segments of the population are the purchasers of the product. Marketing broadly here implies retaining a customer by providing appropriate services to them in time.

In the product-oriented world of yesteryears companies developed products and expected the customer to buy them. But ours is a customer focused world where product and channel development have to follow the

customers lead. An enduring relationship with the customer is the main objective of any jewellery outlet nowadays. It is not enough that relationships are just formed. It should be remembered that it is to a continuous and interactive process. The relationship exists as long as the parties, (i.e jeweller and customer) derive mutual benefits. In the gold ornament market, consumer-oriented marketing strategies of the jewellery retailer always play a very considerable role. While analyzing the influence of the consumer-oriented marketing strategies in the gold ornament market of Kerala, the researcher has taken into account two important consumer-oriented strategies namely, relationship marketing strategies and social responsibility programme for the study. In the following paragraphs the aspirant seeks to give a concise elucidation of each consumer-oriented strategy selected for the study.

2.5.1 Relationship Marketing Strategies in the gold ornament market

Relationship Marketing (RM) covers a wide range of marketing techniques and processes that aim at creating and managing customers by providing appropriate service to them. The launch of a customer satisfaction program through relationship marketing strategy is a key challenge faced by the jewellery merchants in today’s competitive market. Attracting and retaining customers assumes an important part of the strategic management of jewellery retailers. This is where relationship marketing practices play a vital role. The important relationship marketing
strategies used by the jewellers provide good customer services and hospitality, and inviting consumers on the special occasions of the jeweller.

Relationship marketing enables jewellery shops to provide excellent real time customer service by developing relationship with each valued customer. Both the Josco jewellers and the Malabar Gold provide life time free maintenance and 1 year free insurance coverage to their valuable consumers. The market players like Bhima, Josco, Malabar Gold, Alukkas, Alappat, Kalyan, give 100% buy back guarantee to their customers. Another powerful technique followed by the jewellery shop is providing a very good hospitality to their consumers for building relationship with them. Our market players such as Malabar Gold, Josco, Bhima, Kalyan, Alukkas and Alappat engage beautiful, elegant girls (floor hostess) to welcome their consumers. They give a warm and hearty welcome and do the help that needed is by the consumers inside the shop. Some of these famous jewellery retailers were keeping their consumers’ address and at the same time they were inviting them to special occasions.

2.5.2 Social responsibility programs

At present jewellery retailers, especially Malabar Gold group and Josco Jewellers, are concentrating on social responsibility programs. Malabar gold group gives medicine and partial financial assistance for building houses to poor people. In association with the govt. of Kerala, Malabar gold group is conducting a corporate social responsibility
campaign called the ‘Beauty meets quality’ campaign. Josco is already engaged in a number of social service works. Some of them give financial assistance to brilliant students, who are financially poor, and to cancer patients for their medical treatment, and felicitate the couples those who have completed their 50th year wedding anniversary.  

The preceding analysis illustrates the fact that jewellery retailers have been and are spending crores of rupees for promotional activities. Besides, it also reveals that they were using the concept of social responsibility programmes as a relationship marketing strategy to target potential consumers. The concept also aims at boosting their brand image. An interesting fact is that jewellery retailers are concentrating on the purity aspect of gold ornaments and they consider product quality improvement as a marketing tool for generating a large volume of sales. In the following chapter the researcher endeavors to give a detailed review of the data analysis in a cogent and coherent manner.

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