CHAPTER 6

FINDINGS

6.1 Summary

Thesis starts with an introduction, which explains Indian jewellery industry in detail. Indian jewellery plays important role in Indian economy and over the period, its growth has increased many folds. Indian jewellery industry is also considered as an important industry in respect to providing employment to skilled and non-skilled labors. India has succeeded to become top most country in diamond cutting and polishing. Also, India ranks 3rd in the global jewellery market and is growing at the pace of 13% annually.

In India, jewellery and other precious metals are considered as one of the most important commodity for any occasion, traditional gathering and practices and festivals. This industry is broadly divided into consumers of gold and diamond respectively. As per various studies and statistics collected, gold accounts for 80% of the jewellery business, whereas diamond industry is just 20% of total market. The size of the Indian gems and jewellery market was USD 30.1 billion in 2011 and is expected to be USD 45 billion by 2017. The countries where demand is increasing for Indian jewellery includes the UAE, US, Russia, Singapore, Hong Kong, Latin America and China. The sector is highly export-oriented and labor-intensive. Considering its immense potential and contributions, the Indian Government has also declared the sector as a thrust area for export promotion.

Chapter further explained the origin and history of jewellery industry. It discussed jewellery from different region of world. Jewellery has travelled a long way to reach till modern jewellery. The first sign of jewellery was seen amongst African tribe. 75,000 years ago Pierced beads were found at Blombos cave, made with different material like seashell, sea snail etc. Further discussing jewellery from different countries and continents like Egypt, Europe, Rome and Asia. Asia is the biggest jewellery market and India being one on top. Indus Valley civilization was known for its ornamental art ranging from earrings to necklaces and bangles. As evidences and
literatures from history tell us, precious metal came later into existence for making jewellery. Jewellery in those days was made with different material having their own value and significance. Gold was considered as “surya” which denotes fire and silver was considered as “moon” and which denotes calm.

Further, key definitions related to the industry were discussed. Followed with ethical and social issues related to jewellery sector. As this is one of the biggest industry for employment there are many direct and indirect issues related to it. The major issues are

- Cost analysis and other cost related matrix
- Opportunity for artisans to develop their art
- Employment opportunities
- Marketing techniques
- Fashion and design aspects
- Competition

Last part of the chapter focuses on various challenges of jewellery industry. We discuss some of the prominent and common challenges that the jewellery industry in India face - right from small scale to large scale. Jewellery industry is still an unorganized sector and there are many known issues arising out of this. Also, it fuels hindrance to sector’s growth in the long term, especially in such a competitive and connected business environment. This chapter has covered most of the areas, which need a little more attention. Definition and concept part of this thesis has discussed most of the important concepts helpful to get a better knowledge.

Chapter 2 titles as Research Methodology, in this chapter introduction of the research is discussed followed with its scope of study. This chapter maps the objective and hypothesis of the study, which are as follows: -

**Research Objective:**

- To understand jewellery industry and their customer’s
- To understand customers buying behavior
- To compare customers preference towards branded with non branded jewellery
- To understand buying motivation and concerned factors while consuming branded jewellery
- To understand trustworthiness in jewellery industry.

**Hypothesis:**

- Customer will prefer Branded jewellery over non branded jewellery.
- Customers prefer non branded jewellery because of cost.
- Jewellery is no more considered as investment.

Sample technique explains all the techniques used for generating the appropriate result. Later this chapter discusses review of literature done related to this industry. Research gap defines the gap between the researches already done and further what more could have been done. Last part of this chapter concludes with brief of the chapter.

Chapter 3 is titled as **Branded and Non Branded Jewellery.** This chapter discussed organised form of jewellery and unorganised form of jewellery i.e. branded and non-branded jewellery. Branded jewellery was a popular concept few decades back but over the time it has gained its popularity. Further this chapter discusses distinct features of branded and non-branded jewellery. This chapter also discusses the journey of branded jewellery from the time it was not so commonly used term. Brand appeal was taken more seriously and many non-branded jewellers also started working on their image, slowly many player became so big that their business could affect other players as well. Top 6 jewellery player have been discussed in detail, they control the Indian gold market with their unique selling ideas. Last part of the chapter explained significance of branded jewellery and its impact on industry.

Chapter 4 is titled as **Customer’s psychology and conduct.** This chapter explains the detailed concept of customer’s psychology, understands what motivated them to buy
and what is their buying behavior. This chapter also explains customer’s psychology towards product, brand, quality and luxury. Third part of the chapter explains customer’s conduct in jewellery industry, we could evaluate main cause of evaluation of customers decision-making. Purchasing decision is a set of procedure, which is linked with one another, and this chapter explains it. Customer segmentations is one of the important factor in prospect to understand the target segment. Further this chapter explains motivation in details, which shows what is the real intention behind any purchase and how is it affected. Last part of the study explains law of demand.

Chapter 5 is titled as **Analysis and interpretation of data**, which explains analysis of result using appropriate tools and statistics and last part of the chapter explains the interpretation of the data generated.

After discussing the summery of the previous chapter’s findings of the study are presented below.

### 6.2 FINDINGS

Findings of the study are presented below:

- It was found that irrespective of the income group, consumers prefer branded jewellery over non-branded or traditional jewellery. Though a trend was observed that customers from upper middle class were the largest segment which is more inclined towards buying jewellery from a branded jewellery retail store.

- As part of the study, it was perceived from the reactions of the survey respondents that trust is the primary reason for buying branded jewellery. Customer feel safe with brands because of many strict regulations put in place by the government of India, which brands usually abide by if they want to gain the trust of their customers. Jewellery is still considered to be a big investment for most of the population, where consumers put in a large fraction of their savings into it. Therefore, trust is directly related with buying behavior of the customer.
Apart from trust, as discussed above, quality is next primary reason why customers are slowly inclining towards branded jewellery. There is a belief that branded jewellery is made using modern technological equipment, due to which the finish is better and accurate, there’s less wastage of precious metal and the rate of defects is less. Also, as part of brand building process, the quality assurance and after sales services are expected to be better than the traditional jewelers.

In today’s era, jewellery is used more for ornamentation than a long-term investment. Hence, fashionable design is another aspect, which attracts customers for buying branded jewellery. Customers look for new designs and which is not easily available in market. With the advent of 3D printers and other modern technologies, it's easier and cost effective for the brands to capture customer’s attention.

Jewellery is no longer being considered as primary investment option, unlike the older generation. Foremost reason for buying jewellery is traditional practices, festivals and other occasions. About 66% of the survey population said that they would buy jewellery for consumption during a festival or traditional occasion.

One of the important finding is majority of the population preferred to buy jewellery from a branded store or its outlet. Traditional jewelers are fading away in terms of their popularity. With advent of modern technological machines, increased demand, techniques and research which reduce the cost of making the jewellery and various other factors, branded jewellery is fast catching up with traditional jewelers.

Customers are more interested in hallmarked jewellery. They are even ready to pay extra if the jewellery is made hallmarked.

It is observed that customers have started using 14 to 18 carat jewellery. This is an interesting shift in trend observed, as 14-18 carat jewellery was not considered as good investment. Reason for such a trend is increased demand of fashion jewellery, specially by the age group under 30 years.
Majority of the customers prefer to buy branded jewellery but when asked if they feel branded is expensive than non-branded, around 74% of the population felt it is expensive than non-branded. But the price difference is often overshadowed by various other factors like design, quality and trust in the brand. With social channels gaining popularity for following or raising concerns and complaint for a brand, it’s an utmost area of focus in the brand building process. This makes it easier for the consumers to raise any concerns, which is usually bound by a guaranteed reply.

Customer even felt branded jewellery is expensive in total and that includes the implementation of Goods and Services Tax i.e. GST. There should be strict measures taken so that tax evasions become a thing of the past and there is equality in the price for branded and non-branded jewellery. With GST in place, Indian government is hinting at standardizing most of the industries and jewellery sector is no exception to it. Especially, because jewellery sector involves larger investments from all strata of the society.

According to the study, 74% of the population felt that jewellery industry is not transparent and rest of the population were neutral or not in favor of it. This is a major area of concern for the jewellery sector and its growth in the times to come. As mentioned before, trust is foremost aspect when buying jewellery. If the industry moves towards hiding vital information from the customers, reliance and faith might be shaken causing a start of downfall for the jewellery industry.

According to study with respondents from professionals working in jewellery industry, most of the customers are willing to pay extra to get their jewellery hallmarked. May be this is due to the fact that customers trust the processes put in place by the government in the form of hallmarking process.

6.3 RECOMMENDATIONS

This research offers many lessons on jewellery industry, insights, suggestions on how to improve jewellery industry and make it a more efficient, and fuel faster growth in the future.
Jewellery has always been popular and a status symbol since stone ages to modern times. It has undergone various shifts, taken many forms and shapes but still it is one the most favorite and ever growing industry. This industry provides employment to all the three major layers i.e. skilled, semi-skilled and non-skilled employees. This is a big encouraging aspect to promote the growth of this industry, as this caters to millions of artisans and labors. It gravely affects the economy of most of the countries, specially India. And India being a labor-intensive country, can really benefit with growth of jewellery sector in India.

Jewellery industry is one of the important industries to help Indian economy and it attracts large amounts of revenue from exports thereby reducing the already strained trade deficit that India is facing. Most of the fine and finished jewellery is exported from India to various countries in the world. On top of it, in many countries, Indian jewellery is in high demand and attracts a premium. Gold and other raw materials is imported from various parts of the globe. Despite being such a large-scale capital intensive industry, only 30% of the gold imported is registered and rest is swept away under the carpet and pulled into the market as unregistered. Ethically, this wrong and promotes ill-practices around the world and is termed illegal or crime. There should be strict measures to stop such illegal trade and practices.

Majority of this industry is unorganised i.e. non-branded and customers are more incline towards organised sector i.e. branded. There should be more reward given for those converting to brands, registering them as company. This encouragement to move towards organizing the sector would eventually deplete the unaccounted money that does not come in economic flow and cause harm to our country. We’ve seen new jewellery brands come up in India in the last few years. We’ve observed traditional jewellery businesses getting more organized and investing in their brand building like C. Krishniah Chetty & Sons moving from being a traditional jeweler since 1869 to becoming a major brand of modern jewellery. Also, we’ve seen big business houses like Tata and Birla investing in bringing jewellery business online by investing heavily in e-commerce stores like caratlane.com, bluestone.com, melorra.com
etc. Such startups, growth and ideas are ironing out the flaws in the industry and organizing the entire sector in the long run.

- Customers are not much aware about the details of this industry. Customers can be properly educated so that they become sure of what they are buying. Jaago Grahak initiative is vital to Indian customers, providing information and educating customers against ill-practices or frauds that may happen in the industry. Also, there is a major scope in promoting informational blogs and articles that may safeguard customers and help them purchase precious metal. Providing tutoring from as simple an information related to cost breakup of the purchase to information as complicated as duties and taxes.

- To compete in global jewellery market, government of India should reconsider and ease out import duties on raw material viz gold, raw diamonds etc. Currently, gold attracts an import duty of 10% in addition to GST charges on making and fixed charges. This component eats up a chunk of margin for businessmen and makes it tough to compete in the global market.

- Majority of the customers feel that this industry is not transparent and there are many hidden charges involved. Brands should start a practice to provide clear picture to their customer facing aspects of the business. This will develop trust towards the brand and customer would be reluctant to switch to another brand.

- This study also found that customers are attracted towards non-branded jewellery only on the price point. Brands should justify the price they take and can find measures so that this gap between the price can be reduced or customer should feel worth of the price they pay. Indeed it’s a known fact that being a brand, the overhead expenses of employees, marketing, brand building, social engagement, expansion related investments, investor returns etc. are large which ultimately reduce the profits. The burden of this hefty share of these overhead expenses comes on the shoulder of the customers. E-commerce jewellery startups have already figured out ways to streamline their supply chain, and have an added advantage of shipping to a larger customer base in greater number of cities, without even having a showroom. This saves a lot of
operational cost, which can be passed on to the customers as discounts and comforting services to buyers.

- Study also found that jewellery is bought for the purpose of ornamentation and customers prefer branded jewellery because of design. With the advent of modern technological machines like 3D printers, it is opening avenues of designs which have never been thought before. Complex designs, which are either not possible to be made by hand or take a long time can now be done in a jiffy with these modern machines. As stated before, a low purity precious metal can also be opted if the design is modern and unique. In fact, the term fashion jewellery came into popularity about a few decades back only. Easy and affordable access to such modern designs is slowly becoming a thing on the modern times. Non-branded jewelers lack in their designs or take long time to do the same craft. Governments should support development of jewellery design institutions to flush more designers into the market. Non-branded jewelers can then employ such designs, generate more jobs and better designs, thereby creating a healthy competitive jewellery market between the branded and non-branded jewellery businesses.

- It’s a good time for non-branded jewelers to ponder upon the reasons why customers are more inclined towards branded, despite they feeling that branded is much more expensive than non-branded jewellery businesses. They should not be left too far behind in the race. Understanding customer’s mindset is almost important to gain ground in terms of business. There are many factors which are directly and indirectly linked to this decision and some factors can be improved by proper study so that non-branded jewelers can stand in comparison to branded jewelers. Such balance in the sector between branded and non-branded jewelers is vital for healthy competition and growth of the industry.

- Most of the population surveyed is willing to pay extra if jewellery is made hallmarked. This can be interpreted even if there is little cost involved for authentication customer would pay, as this industry needs trust. Jewellers should get their jewellery hallmarked as it would be preferred by the customer. Standardization should be made mandatory at the hands of jewellery
businesses itself and not left as an option to the customer. Hallmarking the jewellery is an important regulatory check which the government of India has put in place. If the charges of it be made nominal to the cost of the product, it may be opted by more and more customers, thereby bringing regularizations and regulations to the jewellery sector in India.

6.4 Scope of further studies

Jewellery industry being such a huge industry opens further scope of study, which is discussed below:

- Branded jewellery and factors making it popular
- Gaining trust of customers to retain traditional jewellery business
- Demand for organised sector in relation to jewellery industry