

CONSUMER BEHAVIOUR IN THE GOLD JEWELLERY MARKET OF KERALA

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ABSTRACT

Gold industry has a significant position in the economic as well as cultural scenario of almost all the states of India. This study undertakes an analysis of the specialties of consumer behaviour in the gold jewellery market of Kerala. The focus of the study is to identify the various factors which influence the consumer behaviour in gold market of the state. The analysis specially focuses on factors like customer behaviour towards branded jewellers and small dealers of gold, the influence of aspects like name, reputation and shop ambience of the sellers, purity of gold, price of gold, the influence of advertisements of gold etc on the consumer behaviour. The study indicates that consumers have a significant positive inclination towards the branded jewellers as compared to the small dealers of gold. The behaviour of the customers are influenced by the name, reputation and shop ambience of the sellers, the purity of gold etc. The influence of the price of gold on the consumers is subjective and is dependent on their occupation and income. Though advertisements are helpful in positioning the jeweller in the market, they not making any significant influence on their purchase behaviour of the consumers of gold.

Key Words: *Consumer Behaviour, Gold Jewellery, Branded Jewellers.*

INTRODUCTION

Gold is a unique precious metal with which mankind has had a long and intimate relation. For Indians gold is more than a precious metal. From time immemorial Indians have considered gold as a symbol of purity, luxury, wealth, status, beauty, affection, good fortune etc. Unlike any other metal this shiny yellow metal creates strong emotional attachments in people. In our culture, gold is an inseparable element during the occasions of birth and marriage. For some people irrespective of gender, possessing gold has even become an obsession (Deepika , 2014). Gold has always been considered as a safe mode of investment, equivalent to liquid cash and as a risk collateral. Because of all these the gold market in India is the largest in the world in terms of consumption. It has great ornamental value and it is passed down from generation to generation as an ancestral property. Taking into account the enviable position of gold industry in our nation's economy and culture it is useful to understand and identify the consumer's behaviour and various factors which influence the consumer behaviour in gold market.

STATEMENT OF THE PROBLEM

The state of Kerala is very much in tune with the nation's common pattern of having high significance for gold in its economic and social life. However the recent global market trends are creating strong challenges to the bond between people of Kerala and gold. The all-time high prices of gold as well as the fluctuations in it are compelling the people to keep aside their affection towards gold. On the other hand it can be observed that new jewellery shops and new outlets of existing branded jewelers are on the increase in the state. In this context a study analyzing the different dimensions of consumer behavior in the gold market of Kerala is not only useful but also timely.

The consumer behaviour is dependent on several aspects. The consumer behaviour in gold market could be influenced by a number of factors like whether the seller is a branded jeweller or small dealer, name and reputation of the jeweller, purity of gold, its price, occasions when gold is purchased, gold as an investment option, influence of advertisements, occupation and income of the consumers etc. This study is intended to identify the extent of influence of these factors on the consumer behaviour in the gold jewellery market of Kerala.

OBJECTIVES OF THE STUDY

The primary objective of the study is to make an evaluation of the consumer behaviour in gold market of Kerala. To achieve this main objective the following specific objectives are formulated.

1. To understand the consumer behaviour towards **branded jewellers and small dealers** in the gold jewellery market of Kerala.

2. To assess the influence of the **name, reputation and shop ambiance** of the jewellers on the consumer behaviour in the gold jewellery market of Kerala.
3. To review the influence of **purity of gold** on the consumer behaviour in the gold jewellery market of Kerala.
4. To appraise the influence of **price of gold** on the consumer behaviour in the gold jewellery market of Kerala.
5. To ascertain the **influence of advertisements** on consumer behaviour in gold purchase.
6. To make suggestions based on the findings of the study.

HYPOTHESES

To achieve the objectives mentioned above the following hypotheses were formulated and tested.

H₀₁: Whether the seller is a branded jeweller or small dealer is exerting no significant influence on the customer behaviour of the buyers of gold jewellery.

H₀₂: The name, reputation and shop ambiance of the jewellers have no significant influence on the purchase behaviour of the consumers of gold jewellery.

H₀₃: The purity of gold has no significant influence on the purchase behaviour of the consumers of gold jewellery.

H₀₄: The price of gold has no significant influence on the purchase behaviour of the gold buyers.

H₀₅: The advertisements of gold jewellery has no significant influence on the purchase behaviour of the buyers.

REVIEW OF LITERATURE

Gold industry is a global industry. Therefore several studies have been conducted to identify the consumer behaviour in gold market in different countries across the world. A few relevant ones from among them reviewed for the purpose of this study are given below.

A study on 'consumer preference on branded jewellery in Hyderabad' (Kumar K. V., 2013) states that the guiding factors behind purchasing jewellery are price, purity and design. Other influencing factors are variety, the brand image, influence of family and friends. The least guiding factor for purchasing jewellery are after sales service and display of items in the shop.

A study conducted on the practices existing in the Indian local gold market (O'Connell, 2006) argues that gold has an important role in empowerment of women since the "Streedhan" [dowry] which an Indian bride carries with her when she gets married remains with her.

A study on 'consumer attitude towards gold ornaments' (Natarajan, 2013) states that gold is an ultimate love object to Indians. It also points out that jewellery designs vary from region to region. In South India designs are inspired by nature whereas in North and West India the designs are inspired by Mughals heritage like 'meenakari' and 'kundan' work. With these legendary designs Indian jewellery is entering into International markets like USA, EU, and South East Asian countries.

Another study conducted on the practice of shopping for gold as a ritual (Huma Tariq, 2007) analyzed three basic questions like why, when and how women purchase jewellery. The study identified that for many Indian women buying gold is a ritualistic activity. They primarily purchased gold for jewellery as well as an investment to support the financial security of their family in future.

The report based the study on jewellery market consumer (Unity Marketing, 2011) points out a key difference in jewellery buying behaviour between men and women. Men primarily purchase it for gifting to women where as women purchase it for own use or to give as a gift.

The study conducted by (Dubai Chamber of Commerce and Industry, 2011) based on the gold trade in the Dubai Multi-Commodities Centre highlights that main factor driving up the gold price is the demand from India and China. In both these countries gold is used for reserve, hedge against inflation and manufacturing jewellery.

In the article 'how to invest in gold' (Durrett, 2011) the author states two different views on investing such as protecting wealth rather than creating wealth and concludes that gold is an investment which belongs to the first category. It also states that gold is an asset which has long term intrinsic value which helps to shield from inflation, currency debasement and equity market bears. It also helps to save countries purchasing power and is not much affected by countries economic condition. The article recommend to have 10-20% gold in investment portfolio.

The online investment guide 'Money Morning' (Caggese, 2008) identified that the most popular method of investment in gold by the Indians is in jewellery though various other ways of investing like gold coins, bullion, gold ETF, shares in gold mining companies, gold futures etc. are available.

A report by World Gold Council (Dempster, 2006) states various regulatory changes that had come in gold market in the latter half of the 20th century. Another report on 'Passion for Gold: Realizing Potential in the Gold Market' (World Gold Council, 2005) states significance of various marketing strategy in order to promote the gold jewellery market.

An article on 'revolution of gold in Indian market' (Kumar A. , 2012) concentrate on the changing trends in the gold price over a period, factors influencing the fluctuations in the gold prices and the effects of the change in gold prices on the Indian economy.

'Hallmarking in India: A Major Quality Initiative in the Largest Gold Jewellery Market in the World' (Prasad, 2010) was a study conducted to understand the perception of customers purchasing gold ornaments and their awareness levels on the concept of hallmarking by Bureau of Indian Standards. This study finds that in India which is the world's largest market for gold ornaments and jewellery, consumers' protection is still not assured. A study on 'factors influencing gold consumption for savings and investment by people in the Bangkok Metropolitan Area' (Kulkanya Napompech, 2010) states that the most appropriate time for gold saving and investment is when there is surplus money and when the gold price is down. It also states that gold has its own values regardless of the changes in the world situation.

RESEARCH GAP

This study was undertaken based on the review of the available literature which revealed that a research has not been conducted among the customers of the state of Kerala regarding their behaviour in gold market. The present study is expected to fill this research gap by adding inputs to the growing body of knowledge.

RESEARCH METHODOLOGY

This study was conducted primarily based on primary data. The primary data was collected from people living in the northern, central and southern parts of the state identified through stratified convenient sampling method. The data was collected from 243 sample respondents by using a pre tested structured interview schedule.

The collected primary data were fed into computer through the Microsoft Excel. The data so entered was processed, classified, tabulated and analyzed by using SPSS package. To analyze the data various statistical techniques such as Percentage, Ranking, Arithmetic Mean, Standard Error of Mean, One Sample 't' test etc are used.

METHODOLOGY OF ANALYSIS: A brief description of the methodology adopted for the analysis of the primary data collected is given below.

The interview schedule used for collecting primary data consisted of two types of questions. In the first type the respondents were asked to give their response about each variable under the different factors on a five-point Likert scale. The different response options on the Likert scale carry scores 5,4,3,2 and 1 respectively. The second type of questions were for assigning ranks for the various item listed in the questions.

On completion of interview of all the 243 sample respondents, the respective scores applicable to each of the response of the interviewees were fed into the computer using SPSS and EXCEL packages. Based on that, the summated score [Total Score] of each factor for every respondents is calculated from the summated score of all the 243 sample respondents.

For the sake of meaningful analysis the sample respondents were categorized based on their occupation and monthly income. Based on occupation they are sub divided into two groups viz [i] agriculturist and business men and [ii] employees and professionals. Similarly based on monthly income the respondents are sub divided into [i] respondents having monthly income up to Rs. 20,000 and [ii] respondents having monthly income above Rs. 20,001.

The sample Mean [Means Score] of each factor with respect to the two sub groups mentioned above under the classifications based on occupation and monthly income were arrived at. Then the Central Value applicable to the factor was calculated by [(the number of variables \times 5 + the number of variables \times 1) \div 2].

The Means Score obtained for each of the sub group were compared with the Central Value applicable to the factor to check whether the two values were significantly different or not. The result thus arrived at revealed the collective view of the entire respondents about the particular factor.

A sample Mean equal to or in the neighborhood of Central Value represents a 'neutral' of state of affairs regarding the factor under evaluation. A sample Mean greater than the Central Value indicates a positive state of affairs whereas the sample Mean less than the Central Value indicates a negative response.

STATISTICAL TESTS USED

In this study parametric tests are used for the analysis. The consistency of the sample Mean (\bar{x}) in comparison with the population Mean (μ) is checked through the Standard Error of Mean [SE]. The lower the SE the better is the consistency. When the sample Mean obtained are different from the Central Value, the One Sample 't' test is adopted to see whether the difference between the two are significant or not at 5 % level. To decide this by using the statistical package SPSS, when the test is administered at 5% level of significance, if the observed significance [P value] is less than 0.05, the indication is that the difference between the sample Mean and Central Value are significant and vice versa. This result leads to the acceptance or rejection of the hypothesis.

TESTING OF HYPOTHESIS

For each factor the respective null hypothesis (H_0) formed at the outset were put to test with respect to the classification of the respondents based on their occupation and monthly income to arrive at valid conclusion. For that the following sub null hypothesis was formed and tested at the respective sub division of each classification viz [i] agriculturists and business men [ii] employees and professionals under the occupation wise classification and [i] monthly income up to Rs. 20,000 [ii] monthly income more than Rs.20,001 under the income wise classification.

[i] Sub null hypotheses [$H_{0(i)}$]: the Mean scores are not significantly different from the Central Value. From the outcomes of the testing of the various sub null hypotheses, the major null hypothesis (H_0) about each factor is accepted or rejected and appropriate inferences and conclusion are drawn.

FINDINGS AND INFERENCES

The findings and inferences emerged from the analysis of the primary data pertaining to each factor are presented below.

1. It is found that irrespective of income level or type of occupation, majority [73%] of the respondents were positively influenced by the brand image of the jewellers on their purchase decisions. The reasons behind this significant preference for purchasing gold from branded jewellers are the wide variety of designs available with them, perceived quality of the products, exchange offer and certification of jewellery etc.
2. Out of 243 respondents 66 [27%] respondents prefer purchasing gold from small dealers who usually operate locally. The reasons for this preference are the possibility of getting credit facility from the small dealers, nearness of the jewellery shop and familiarity between the jewellers and the consumers etc. Because of these attractions when the need for gold jewellery arise the respondents prefer to buy gold from the local dealers without giving much weightage to the brand image of the seller.
3. All the respondents [100%] evaluated the name and reputation, shop ambiance etc of the jewellers while choosing a particular seller from the group of branded jewelers or small dealers.
4. More than two-third majority of the respondents [81%] are aware about measures of purity on gold like Hallmark, BIS corporate logo, year of making of jewellery and the jeweller's mark.
5. Regarding the influence of price of gold on the purchase decision of the customers, some interesting results were obtained.
 - i. An interesting result - which is contrary to the popular belief that price fluctuation of any item will affect more on customers with lower income - emerged from the analysis of the responses of the respondents with monthly income below Rs. 20,000. In their purchase decision the price fluctuation of gold is not playing a significant role. On further exploration it is found that this is because the lower income group customers are unable to save money and buy gold when its price reduce. Rather their practice is to purchase gold at the prevailing price when a necessity arise.
 - ii. Similarly the customer behaviour of respondents engaged in agriculture and businesses are also not significantly influenced by the price of gold. This is because they purchase gold when they get income from agriculture or profit from business.
 - iii. But in the case of respondents with monthly income above Rs. 20,001 or respondents who are employees and professionals, their purchase decisions are significantly influenced by the price fluctuations of gold. This is because people with higher income feel that they are able to save money and purchase gold at favourable market price.
6. The most prominent reason for purchasing gold by the consumers is for own use. This is followed by purchase of gold for marriages in the family, for investment purpose and for gifting to near and dear ones. The responses show that purchasing gold as a status symbol is not at all a main reason as it was in the past.
7. It was found that more than half of the respondents [53%] consider gold as a good investment option and have the practice of investing in gold. The reasons for their investment in gold are its use as a security to get bank loans and its high liquidity.
8. It was identified that though advertisements given by gold jewellers are helpful in positioning the vendor in the market, the advertisements do not have a significant positive influence on any of the respondent categories in deciding their purchase behaviour. Respondents with monthly income below Rs 20,000 as well as respondents who are employees and professionals adopted a neutral stand about the influence of advertisements on their gold purchase. On the other hand respondents with income above Rs 20,001 as well as respondents who are engaged in agriculture and business have adopted a negative stand about the influence of advertisement on their gold purchase.

SUGGESTIONS

Based on the above findings following are the suggestions put forward.

1. The small dealers in gold shall take note of the customer's preference to purchase gold from branded jewellers and consider it as a challenge to modify their business strategies to suit the customer behaviour.
2. Small dealers should bring in professionalism in their business. They shall try identify and offer those facilities which the branded jewellers make use of to attract customers. Along with this they shall expand

and modify their shop and its premises, improve customer service, try to earn more reputation among the consumers by adopting appropriate strategies.

3. Small dealers shall take effective steps to create strong awareness among the customers that they are also providing quality gold.
4. Since the operating cost of small dealers are comparatively less they can try to attract customers by giving gold at low price compared to branded jewellers.
5. The gold business community should take initiative in creating and disseminating awareness among the public about the potential of considering gold as an investment opportunity.
6. The jewellers should take note of the finding regarding the nominal impact of advertisements on the buyer behaviour in gold jewellery market. They should realise that what is more important than spending much money on advertisement is providing quality gold and thereby keeping the customers delighted. Then more customers and business will be naturally flowing in by the word of mouth advertisement which is inexpensive.
7. If the jewellers can offer a facility [by making use of the gold futures market] to the consumers to book gold by giving a considerable amount [say 25% or so] of the price as advance when the price is low and buy gold when they need it.

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