

# FACTORS INFLUENCING THE PURCHASE INTENSION OF WOMEN TOWARDS STORE BASED REAL JEWELLERY

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## **Abstract:**

*Purpose* – The objective of the research is to understand which are the factors that influence the purchase intention of the women of two different cities of Gujarat towards store based real jewellery.

*Research Methodology* – The study is based on Focus Group Discussion (FGD) where two different segments of women were taken – one working women and other housewives. The data was collected from two different cities of Gujarat – Surat and Bhavnagar based on the understanding of the culture, lifestyle, and convenience. Based on various objectives like to understand consumer motivation, reason for purchase, preference of branded or local jeweller, reasons for trust, perception and attitude and how much knowledge the respondent have.

*Findings & Conclusion*– The result gave an understanding on various factors that influence the purchase intension of women towards real jewellery. And there were various reasons like budget, quality of product, design and exchange, offers were few major parameters that influenced them towards buying of real jewellery from store.

*Key words:* Trust, Perception, Attitude, Influence to Purchase, Real Jewellery, women

## **Introduction:**

In this modern and fast-moving technology world, where every purchase can be made at your fingertips, with location as no bar, then the modern format of retailing (offline), has also to adopt the new methodology.

Jewellery is one of the most important intrinsic part of any Indian family since ages. It is considered as of the essential element to devour by an individual, especially the women, for any important occasion like marriage, anniversary, birthdays and religious functions and so on.

As per the report of World Gold Council (WGC) on India's Gold Market: Evolution and Innovation (**Jan. 2017**), in the year 2000, 90% of the Indian's gold retailers were unorganised. The industry was dominated by small, standalone retailers and family jewellers, where hardly any advertisement or marketing was done for the retail outlets and products. Whereas now, the organised gold retailers like Tanishq and Malabar Gold and Diamonds have 7% of the market share nationally, and 23% regionally. The organised sector has introduced sophisticated advertising and sales campaigns, creating brands with – domestic and

international standards, and has raised the standard of gold market industry. By 2020, the organised sector market share is expected to rise upto 35%-40%.

India is the fastest growing economy in the world. Said as a young nation with 500 million people under the age of 25, India is very dynamic and diverse with rich heritage and culture. Hence income is another factor which plays a very important role for purchase of gold. In recent years, millions have been lifted from poverty to middle class, where the number is expected to reach to 500mn by 2025, where 1% of rise in income would boost the gold demand by 1% (**WGC report, Jan. 2017**) (**Annexures 1, chart 1**).

At the time of purchase of real jewellery, an Indian has confidence in local/traditional jeweller/goldsmith who caters to the local taste for traditional jewellery and hence has fixed and loyal clientele. Since the late 1990s, there was a shift in consumer tastes: women were increasingly opting for fashionable and lightweight jewellery instead of traditional chunky jewellery. There was a rise in demand for lightweight jewellery, especially from consumers in the 16 to 25 age group, who regarded jewellery as an accessory and not an investment. The new millennium witnessed a definite change in consumer preferences.<sup>1</sup>

With this changing trend in consumer preferences, branded jewellery has gained its acceptance in the market which has forced traditional jewellers to go for branding.<sup>2</sup> Reason for this change may be the attitudinal change towards purchase of jewellery by customers. Hence trust, perception and attitude to purchase does hold a major place for decision to purchase.<sup>3</sup>

Hence considering the said aspects, the research is done to understand the buying behaviour pattern of the Indian women and specifically to the region – Gujarat. The survey was conducted for any women who was 18 years and above and she could be a working woman, a housewife, a student or a retired women. Reason for taking any women in category of 18 and above, was that the minimum marriage age of a girl is 18 years and in India, especially in Gujarat, many girls get married at a very young age. Because of the same, the girl has a right to choose her kind of design and jewellery.

### **Literature Review:**

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Relationship of Indian's and Gold is deeply rooted in the history of Indian culture. Gold purchases are driven by tradition, festivals and other important family and social occasions. By the year 2011, there are

<sup>1</sup>A comparative study on the consumer's preference towards branded jewellery over non branded jewellery in Nasik, MIT Institute of Management pp17

<sup>2</sup>A comparative study on the consumer's preference towards branded jewellery over non branded jewellery in Nasik, MIT Institute of Management pp.13

<sup>3</sup> Shah D. (2011), 'Jewellery Retailing: Contribution of Modern format retail in product knowledge enhancement', MPhil Dissertation, Department of Business Administration, Bhavnagar University

over 18,000 tonnes of above ground gold holdings in the country as a form of saving and purchase of gold is entwined with Indian religious and cultural beliefs. (WGC, 2011). Gold has high liquidity and is portable as a security or asset. It can be converted to cash anytime an emergency arises. Hence gold is expected to remain the best investment option as well as a status symbol for many people. (Euromonitor International, 2016). Indian households believe in investing in gold more than any other country because of the strong desire to save. Hence the value of gold has transcended all national, political and cultural borders by making it an ideal form of investment for the Indians. (Raghavan S., Nisar Ahmed N. 2011) India is known to possess large stocks of gold, estimated at about 11 percent of global gold stock. Over the past ten years, the value of gold in India has increased at a compounded average growth rate (CAGR) of 13 percent, outpacing the country's real gross domestic product, inflation and population growth by 6 percent, 8 percent and 12 percent respectively. (KPMG, 2012).

Hence there is a major change in demand for gold in the market. India is highest consumer of gold with 72%, followed by China 70%, and US 59%, where in India, the rural Indian consumer's level of ownership of gold is relatively higher than urban consumers. Rural Indian have a strong preference for gold jewellery, while gold jewellery with precious/ semi-precious stones is more popular in urban India. In 2015, plain gold jewellery accounted for 88% of purchases in rural India, where as in urban India it was 57% and for gem-set pieces accounting to 35% of gold jewellery bought. (WGC, 2017) The market segmentation for gold jewellery – North India with 28%, East India with 15%, West India with 29% and South India with 28% of market share.<sup>11</sup> (IndiaStats.com) Agriculture plays a very significant role in deciding gold demand, as agriculture is an integral part of rural economy. Religion also plays a very important role as Gold is considered as a symbol of wealth and prosperity as per Hindu religion (WGC, 2017).

Jewellery market structure (WGC, 2017): India's jewellery market is divided into two parts of market – unorganised and organised. Organised retailers are typically characterised by having a chain of stores with a regional or national presence and a strong brand, courting largely urban customers through sophisticated advertising campaigns. Whereas retailers in the unorganised sector are usually smaller, standalone entities, such as family jewellers or small goldsmiths or designers focusing on high-end products. During the year 2000, 95% of jewellery market was owned by unorganised sector and only 5% was run by organised but regional chain jewellers. Whereas during 2015, there was a change in jewellery market, where now 70% of market hold was by unorganised sector and 30% was owned by organised sector.

According to Selvarani V. & Chitradevi T (2015), the Indian tradition of giving gold in every festival or special occasion like marriage, has huge demand. The format would be impulse buying where the customer is well informed about the marketers where the customer quickly refers to the his/her memory and does make a purchase decision. So here the researchers have tried to understand factors that could affect the buying of gold jewellery.

Jewellery is set to register a value CAGR of 5% at constant 2015 prices over the forecast period, attaining sales of Rs3.9 trillion in 2020. Jewellery registers retail value growth of 19% in 2015 achieving sales of

Rs3.0 trillion (**Euromonitor International, Jan. 2016**). Real jewellery, considered under luxury item, where the forecast as per Euromonitor International, March 2016, was Rs.28,88.9 mn in 2015 is expected to increase to Rs.50,713.5 mn by 2020 for Women's luxury jewellery. Indian jewellery is known for its intricate designs and workings and hence most Indian consumer continue to prefer to shop for luxury products within the country.

According to Raghavan A. & Ahmed N. (2011), India's love affair with gold is timeless, spanning centuries and millennia. Around 85-90 percent of the gold acquired is in the form of jewellery (**Potluri R. et.al., 2013**). The bulk of Indian jewellery buying is still rooted in tradition and jewellery is sold in traditional designs. Acquisition of gold is done over generations, where buying of the same was entwined with religious and cultural beliefs (**Tariq H. et.al.**). Indian customers demand buying gold for special occasion like wedding (24%), births & birthdays (15%), celebrate various festivals (12%) or offer gold to Indian deities (**WGC report, 2017**) (**Sanjula N. 2017**). Gold is acquired all over India for Diwali festival, regional festival like Onam and Pongal in South India, Durja Pooja in East India. Akshaya trithiya is considered as auspicious day to buy gold as per Indian Hindu calendar. In rural India, harvest festivals are big occasions to buy gold as farmers are flush with money (**Potluri R. et.al., 2013**). Hence agriculture plays a significant role in rural economy for demand for gold (**WGC report, 2017**). Irrespective of religion, caste, creed, gender, Indian are trying to buy modicum of gold mostly in the form of ornament.

### **Research Methodology:**

With changing trends in demand and supply of products in the market, so has been the change in product like jewellery. Traditional jewellers were making the most benefit by mixing metals/alloys with gold and hence reducing cost and earning profit, where there were no proof also regarding purity. It was simply the trust factor that lead towards majority of purchase.

So here the study is on today's gold consumers i.e. the women, who generally buys jewellery.

The sample population was taken from two cities of Gujarat – Surat and Bhavnagar. There were two Focus Group Discussions (FGDs) were conducted considering two categories – working women and house wives. Surat being a mega city, working women FGD was conducted, where there were 8 members between the age group of 24 to 30 years. Second FGD was conducted in Bhavnagar city of housewives, as the city is considered to be city of retired people and most of them are housewives. The age group taken was 42 to 66 years with 10 members in the group. Sampling technique taken over here was non probability quota sampling technique followed by convenience sampling and Quota sampling method. The method for data analysis was Qualitative Conceptual Content Analysis, where no software was used for analysis, but the traditional method of qualitative analysis was considered.

### **Findings:**

the major objectives of the FGD were to understand the opinion and preferences of housewives and working women pertaining to promotion, sales promotion; and their behavior towards sharing information

related to sales promotion. To accomplish these objectives, discussion was held on various arenas as discussed under:

1. Motivation for purchase of real jewellery
2. Reasons for purchase (purchase during)
3. Purchase preference
4. Various trust factors
5. Knowledge regarding real jewellery

Parameters	Working Women	Housewives
1. Motivation for purchase of real jewellery:	<ol style="list-style-type: none"> <li>1. The young working women believed in purchasing for self.</li> <li>2. When money is available, purchase happens</li> <li>3. Main motivation to purchase for any specific occasion and/or various schemes offered.</li> <li>4. Various schemes offered by branded retailers like Tanishq and Kalamandir, motivates them for investment and hence then purchase.</li> <li>5. Money and design</li> </ol>	<ol style="list-style-type: none"> <li>1. The housewives believed that they make purchase of real jewellery for their children and then for self.</li> <li>2. For specific occasion i.e. wedding, birthdays.</li> <li>3. Main motivation is for investment for their children and then come purchase for occasion.</li> <li>4. Rare designs influences to make an unplanned purchase. Also believes in purchase in one-short not installment.</li> <li>5. Design and money</li> </ol>
2. Reasons for purchase (purchase during):	<ol style="list-style-type: none"> <li>1. For self, due to any occasion.</li> <li>2. With an opinion to make a purchase specific occasion but purchasing anytime i.e. when rates or moderate or whenever they have money was more preferred.</li> <li>3. Purchase of real jewellery is done for self, and to gift during special occasion.</li> </ol>	<ol style="list-style-type: none"> <li>1. For investment purpose</li> <li>2. Believes that they would make purchase during specific occasion like <i>pupanakshatra</i> or any festival or wedding, where only one respondent said that she preferred to purchase when she had money.</li> <li>3. Purchase as investment for children's future i.e. wedding. Hence purchase is done when gold prices go down.</li> </ol>

<p><b>. Purchase preference (outlet and product):</b></p>	<ol style="list-style-type: none"> <li>1. Only one respondent believed in taking along her husband for shopping, whereas majority of the respondents believe in taking either their father or mother or sibling or relative for shopping.</li> <li>2. Reason for taking father or mother along, as he wants the daughter to make secured investment for longer period of time.</li> <li>3. First preference by respondents was white gold, yellow gold and diamond.</li> <li>4. Do not prefer men's jewellery as they have very few designs.</li> <li>5. Display and compartment lights in outlet does matter, where options are easily visible.</li> <li>6. The sales person in outlet does matter with his positive approach does matter.</li> <li>7. Prefer known jeweller, from where either their family members were purchasing or referred by reference person, on whom they have high faith.</li> <li>8. Behavior of sales person matters.</li> </ol>	<ol style="list-style-type: none"> <li>1. All housewives, except one, believed to take their husband while going for purchase of heavy jewellery. And if it's a low budget jewellery purchase, then they would prefer to take their friends or neighbors i.e. a companion.</li> <li>2. Reason for taking husband along is for making payment and opinion.</li> <li>3. Prefer yellow gold, may be along with white gold but not alone white gold as it looks like silver.</li> <li>4. Do not prefer to purchase men's jewellery as men do not change as per occasion like women.</li> <li>5. Display in outlet does matter, specially having good designs.</li> <li>6. At times sales persons are not interested to show to new customers, this disinterest behavior leads towards negativity for the jeweller.</li> <li>7. Prefer to purchase only from local jeweller, from where they were purchasing since many years.</li> <li>8. Behavior of sales person along with respect given to customers motivates towards selection of outlet.</li> </ol>
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<p style="text-align: center;"><b>Various trust factors:</b></p>	<ol style="list-style-type: none"> <li>1. The respondents did trust the known local or branded retailers, but not unknown.</li> <li>2. Making charges are very important, as it makes a big difference when purchase intention is there.</li> <li>3. High satisfaction level from local jewelers as they give value for money on making charges as well as provide good quality of product.</li> <li>4. Believe in easy return policy with their local jeweller.</li> <li>5. Have faith in known jeweller but prefers to make a purchase where they get good value for money.</li> <li>6. Would visit few shops but with reference, just to show off or flaunt.</li> <li>7. Would select a jeweller/ retailer by opinion of elders of family and from where they have been purchasing.</li> <li>8. Respondents were highly influenced by the reference person for selecting a jeweller. The person could be any elder family member or even neighbors.</li> </ol>	<ol style="list-style-type: none"> <li>1. Majority of the respondents did trust only local retailer.</li> <li>2. Making charges matters the most.</li> <li>3. Have blind faith on local jewellers, as they give products in said budget, with design of their choice and purity in product.</li> <li>4. Easy return available, but do believe to sell where they get best price.</li> <li>5. Have faith in branded jeweller but prefers to purchase from local jeweller only.</li> <li>6. Do prefer to visit branded retail stores but only for window shopping and knowing various designs.</li> <li>7. Would prefer to go to their family jeweller from where they are purchasing since generations.</li> <li>8. Respondents are influenced by relatives and friends for changing jeweller or to just have a second opinion or to check design options in their budget.</li> </ol>
<p style="text-align: center;"><b>5. Knowledge regarding real jewellery:</b></p>	<ol style="list-style-type: none"> <li>1. Aware only about 916 marka, do not have knowledge of all 5 marka's required to be put by the jeweller.</li> <li>2. Not having blind faith but believes in going to 3 to 4 known jewellers and believe in them.</li> <li>3. All 5 marka are not important for the respondents</li> <li>4. Believes that Indian women believe to sell old jewellery against new jewellery to get cost benefit.</li> <li>5. Respondents believed that men does have knowledge of only gold bar as investment but not of jewellery.</li> </ol>	<ol style="list-style-type: none"> <li>1. Aware of 3 markai.e. BIS, 916 and jewellers logo. Not aware about the other two marka.</li> <li>2. Have blind faith on local jeweller, hence do not have importance of the marka.</li> <li>3. Importance of atleast three marka is there.</li> <li>4. Believes that Indian women do not prefer to sell old jewellery, rather they believe in keeping it as a security.</li> <li>5. Men has knowledge of gold bars purchase and opinion for choosing amongst options.</li> </ol>

Various other factors that did influence the purchase behaviour was influence by discounts and/or TV commercials, outlet influencing criteria, investment criteria, changing jeweller, branded jeweller, local jeweller, and online purchase. These were some of the outcomes extracted from both the FGDs conducted.

Though online influence is now increasing, but the impact is less and as per the topic, the same has not been considered as of now.

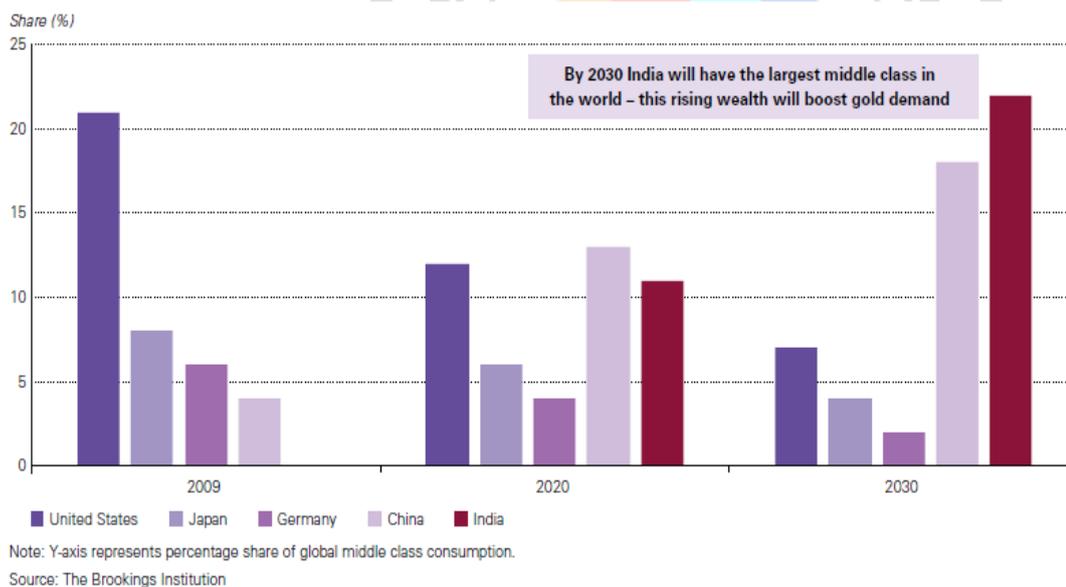
### Conclusion:

From the survey it was observed that budget, quality of product, design and exchange offers are the influencing criteria for any women before making a purchase. For both the groups, known jeweller is very important, and if so the person is new in city, then they would be either influenced by known person on whom they do rely or a branded store. There was a strong opinion and a belief that branded stores do give good quality product, but the women do not prefer to purchase from there as the making cost is too high and customized jewellery may not be possible.

The respondents were not at all influenced by hording advertisement or any celebrity endorsement for the product. Somewhere discount on jewellery does attract them to at least go and check for option, but the visit is with a mindset of just to do window shopping. Even though the local jewellery may not be able to give all five marka's on the jewellery but then too women is not influenced by the same, as 'faith' and 'blind faith' on local jeweller plays a very important role.

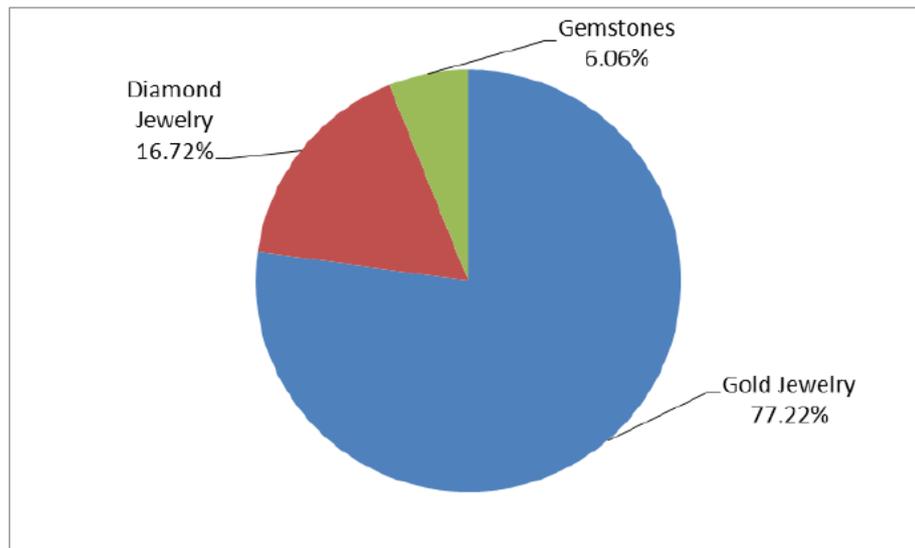
### Annexure 1:

Chart 1: By 2030, India will dominate gold middle class consumption



Source: World Gold Council report on 'India's Gold Market: Evolution and Innovation (Jan. 2017)

Chart 2: The Gems and Jewellery Market Segmentation by Product 2012



Source: TechNavio Analysis

Source: TechNavio (2013) *Gems and Jewellery market in India 2012-16***Bibliography:**

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