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PERCEPTION OF RETAILERS ON INDIAN GOLD RETAIL MARKET - A STUDY IN SELECTED STATES OF INDIA.

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Abstract:

The Indian Gold Retail market is very much competitive and deeply entrenched in cultural traditions, customs where retailers continuously adopt to the market forces, consumer preferences and regulatory changes to sustain their trade activities and sales. Retailers offer variety of products with seasonal demand rise around Akshaya Tritiya, Diwali and wedding seasons.

Keywords: Gold, Retail Market, Akshaya Tritiya, Diwali, Demand, Wedding

Introduction:

The Indian Gold Retail Market is shaped by several key factors namely demand, market volatility, competition , changing demand of the consumer etc. The Gold Retail market is highly competitive with organised (large or branded) and unorganized (small or unbranded retail stores. But the number of unorganized retail stores are more in number than unorganized retail stores. The symbol of wealth and social status emphasize the retailers in marketing and consumer engagement strategies. Retailers have adapted to consumer demand by offering various schemes which help to stabilize sales in spite of fluctuations in gold prices.

Statement of the Problem:

The Indian Gold Retail Market is divided into organized and unorganized markets wherein there is cut throat competition in organized retail stores in terms of designs offered and the margin of profit earned for the fashionable jewellery offered by them. Though there is margin of profit earned still the retailers are unable to meet the customers' expectations to the maximum extent and this effects the sales and trade business activities of the retailers. Taking all these into consideration research is being conducted to observe the retailer trade activities.

Objectives:

- To study the perception of retailers in trade activities of gold.
- To understand the customers' expectations during their purchase of gold products in retail stores.

Hypothesis:

- H01: There is no significant correlation between mode of sale and products mostly sold in the business.
- H02: There is no significant association between occasion for more sales and customers expectation in the stores.
- H03: There is no significant relation between types of karats sold and range of sales during Akshaya Tritiya.

Review Literature:

Raj Aggarwal & Brain M.Lucey 2007 in their research stated that the price of gold plays an important role for the purchase of gold.

Rabi N. Mishra and G. Jagan Mohan (2012), in their study named "Gold Prices and Financial Stability in India" confirm that domestic and international gold prices are closely interlinked. The study also concludes that implications of old prices on the Indian financial markets are likely to be quiet.

Mishra and Mohan (2012) in their paper reveal that domestic and international gold prices are closely interlinked. And then examined the nature of changes in the factors affecting the international gold prices during the last two decades. Short-run volatility in international gold prices are said to be traditional factors such as international commodity prices, US dollar exchange rate and equity prices.

Guruswamy (2005) in his research defines unorganized retail store as a low cost, with a high margin business and also with an advantage of low labor and investment cost. But organized retail stores are featured by huge investments with high operation cost. The difference in level of investments makes unorganized retail store to be in a competitive position against organized retail stores.

Asha .K and Edmund Christopher .S (2014) have stated that the customers buying behavior in Kerala state have played a significant role towards branded and non-branded retailers.

Dalvis .CS (2015) in his study found that 80 percent of the consumers purchase gold from Goldsmith due to their long term relationship and faith on Goldsmith than of the retailers.

Hundal B.S Saurabh Grover and Jasleen Kaur Bhatia (2013) in their study aimed to know the perception of retailers towards gold resulted that resale value and cultural values of the customers are the factors that drive the customers for purchase and resulted more sale to the retailers.

Kumar S and Varadaraj S (2013) observed the sales promotion strategies used by the retailers for their sales improvement.

Study Area:

The study area is done in five states of our Southern India namely Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. The business of the retailers in these selected states is observed. In each of the selected states three cities are taken for observation of retail business. Moreover in these selected states only five branded retail stores namely Tanishq, Kalyan Jewellers, Joyalukkas , Malabar Gold & Diamond and TBZ retail stores are taken to conduct field study.

Period of Study:

Primary data was conducted during the year 2023. Secondary was collected from 2014-2023 related to sales, gold prices etc.

Data and Methodology:

Primary data was collected from gold retailers in selected states and selected retail stores. Secondary data was taken from various magazines, Journals and text books, Research Bulletins and websites related to RBI, World Gold Council etc.

Sampling Unit and Sample Size:

The study was conducted in Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. For the present study, the sample size of 60 Jewellery retailers was surveyed from the selected states and 15 retailers were contacted in each of the selected states.

Tools for Data Analysis:

The data analysis is done using Chi-square test tool to known the relationship between dependent variables and independent variables.

The perception of retailers in Indian gold market is structured by several factors namely:

Trust is the key factor for any gold business. Most of the consumers are interested in purchasing from branded and reputed retailers who have gained credibility over time. The reason is purchasing gold involves a significant financial commitment and ensures purity and authenticity of gold is critical. Certification of gold by BIS are generally received as more favorable. Hallmark of gold assures consumers purity of gold that enhances the trust in the retailers. In Regional markets traditional and legacy retailers enjoy strong loyalty and trust among the consumers. Many families have long standard relationship with particular retailers and this builds a relationship based trust that plays a huge role in purchasing desire. Our Indians consume gold not just as product but as a

cultural and religious symbol. So retail stores that understand and respect the cultural value of gold are preferred by the customers. Moreover, sales during Akshaya Tritiya boost the retailers to build and create a brand image for them. Retailers have more sales through offline but good strategies should be implemented to boost the sales through online too.

H01: There is no significant correlation between mode of sale and products mostly sold in the business.

Association between Mode of purchase and products mostly sold in Business.

Mode of Purchase	Products mostly sold in Business						
	Necklaces	Bracelets	Bangles	Chains	Rings	Nose pins	Total
Online	3 (5)	3 (5)	4 (6.7	3 (5)	5 (8.3)	6 (10)	24 (40)
Offline	10 (16.7)	5 (8.3)	7 (11.6)	4 (6.7)	4 (6.7)	6 (10)	36 (60)
Total	13 (21.7)	8 (13.3)	11 (18.3)	7 (11.6)	9 (15)	12 (20)	60 (100)
Chi-square Test	**χ^2 Calculated value 20.53 It is significant at 5% level.**						

Source: Field Data
χ^2 tabular value =11.07

χ^2 calculated value =20.53

Statistical Inference: The Chi-square value is 11.07 and it is significant at 5 percent level. It can be inferred that there is association between mode of purchase and products mostly sold in business. Hence the Null hypothesis $H_0$1 stating that "there is no " Association between Mode of purchase and products mostly sold in Business" is **rejected.**

Reason: Though there are two modes to purchase gold from the retail stores , customers prefer to purchase gold mainly through offline because they can touch , feel the presence of the product and check its quality. Most costlier products namely necklaces have to be checked thoroughly with regard to studds embedded in them etc. So most of the customers purchase through offline. But nosepins, rings etc are purchased through online since it doesn't cost much and designs of these rings could be attractively placed in online.

Suggestion: Building trust among the customers is very much essential so that customers can purchase any required gold products through online also.

H02: There is no significant association between occasion for more sales and customers expectation in the stores.

Association between Occasion for more sales and Customer expectations in gold retail stores.

Occasion for Sales	Customer expectations in Retail stores				
	Impulse buyer	Limited decision	Routine purchase	Complex buying	Total
Wedding Season	3 (5)	7 (11.6)	5 (8.3)	4 (6.7)	19 (31.7)
AkshayaTritiya	6 (10)	5 (8.3)	3 (5)	2 (3.3)	16 (26.6)
Festivals	2 (3.3)	9 (15)	2 (3.3)	2 (3.3)	15 (25)
Promotions	3 (5)	4 (6.7)	2 (3.3)	1 (1.7)	10 (16.7)
Total	14 (23.3)	25 (41.6)	12 (20)	9 (15)	60 (100)
Chi-square Test	**χ^2 Calculated value 6.01. It is insignificant at 5% level.**				

Source: Field Data

χ^2 tabular value =16.92

χ^2 calculated value =6.01

Statistical Inference: The Chi-square value is 6.01 and it is insignificant at 5 percent level. It can be inferred that there is no association between Occasion for more sales and Customer expectations in gold retail stores.. Hence the Null hypothesis H02 stating that "there is no "Association between Occasion for more sales and Customer expectations in gold retail stores." is accepted.

Reason: Occasion give an opportunity to the gold retailers for higher sales but the retailers must meet the heightened customer expectations in terms of product offerings, pricings and experience to fully capitalize the demand. So occasion for sales and customer expectations are closely related.

Suggestion: By focusing on the customer expectations through a sequence of thoughtful marketing, product customization, enhanced service, and seamless shopping experiences, gold stores can maximise sales during key occasions.

H03: There is no significant relation between types of karats sold and range of sales during Akshaya Tritiya.

Association between type of Karats and Sales during Akashaya Tritiya.

Karat Type	Sales during Akshaya Tritiya			
	Normal Sales	Pre orders	Spot purchases	Total
22K	4 (6.7)	5 (8.3)	13 (21.6	22 (36.6)
24K	8 (13.3)	4 (6.7)	3 (5)	15 (25)
18K	4 (6.7)	3 (5)	6 (10)	13 (21.7)
14K	4 (6.7)	3 (5)	3 (5)	10 (16.7)
Total	20 (33.3)	15 (25)	25 (41.7)	60 (100)
Chi-square Test	**χ^2 Calculated value 13.9. It is insignificant at 5%level.**			

Source: Field Data

χ^2 tabular value =12.59

χ^2 calculated value =13.9

Statistical Inference: The Chi-square value is 13.9 and it is insignificant at 5 percent level. It can be inferred that there is Association between type of Karats and Sales during Akashaya Tritiya.Hence the Null hypothesis H_{03} stating that "there is no "Association between type of Karats and Sales during Akashaya Tritiya" is accepted.

Reason: Since Akshaya Tritiya is considered as an auspicious day for Hindu culture , customers try to purchase gold products on that day depending on their financial status and not on the type of Karats. Akshaya Tritiya increases the sales regardless of the gold's purity. This occasion brings customers to gold stores, but what they purchase i.e. whether it is 22k,18k or 14k depends more on their preferences, financial ability and intended use rather than a direct connection to the day itself.

Suggestion: By diversifying the offers and marketing strategies , educating customers and boosting their shopping experience, gold retailers can capitalize on Akshaya Tritiya sales without constraining themselves to one type of gold karat.

Conclusion

The Indian Gold Retail Market, marked by the competition between organized and unorganized sectors, is influenced by factors such as customer trust, cultural value, and the perceived financial commitment involved in purchasing gold. Offline purchasing remains the dominant preference for consumers, especially for high-value

items like necklaces. Customers usually feel more confident buying things in person because they can check the product's authenticity and quality themselves. Special events like weddings, festivals, and Akshaya Tritiya help increase sales. However, the study shows that meeting customer expectations during these events is very important for increasing revenue. Sales during Akshaya Tritiya are driven more by the cultural significance of the occasion rather than the specific karat of gold. The financial status of consumers plays a more significant role in determining what they purchase during this auspicious period. In conclusion, the study suggests that while offline sales dominate, building trust in online platforms could expand market reach. Additionally, aligning marketing strategies with customer expectations during key sales periods and diversifying product offerings will be crucial for retailers to thrive in the highly competitive Indian gold retail market.

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