

AN EMPIRICAL STUDY OF THE MARKETING STRATEGIES ON THE INDIAN GOLD ORNAMENT MARKET

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ABSTRACT

The present study mainly focusing on provides a general overview of the some marketing strategies that are strongly influencing on the Indian gold ornament market. In this work the researcher extend the study by providing a brief reviews of available literature. For the purpose of conducting this study the researcher was collecting primary data with the help of a consumer survey method in a time span of 6 months. This was conducted by visiting total 64 wards in Kerala with the help of a structured questionnaire. In this study the researcher was followed a multistage random sampling technique. The result of the study reveals that product quality improvement is one of the important products related marketing strategies in the gold ornament market of India. The study also reveals that advertisements and tempting offers provided by the jeweler are two important promotional strategies influenced the consumers in their gold ornament purchase. The outcome of the Chi-square test shows that there was a significant relationship between the area of the consumer and the influence of the advertisement of jewelers on their gold ornament purchase.

Keywords: Gold Ornament, Marketing, Marketing Strategies, Consumers, India.

Introduction:

Marketing deals with the activities that direct the flow of goods and services from producer to consumers. Identifying and meeting the human and social needs fall under its ambit. The present business situation is characterized by consumer-oriented market. Immense competitions, rapid strides in technology and liberalization, privatization and globalization have become the major points in competitive edge in the market. In these circumstances the survival and growth of a business firm essentially depends on a marketing strategy which results in broadening the customer bases as much as possible by not only creating new customer bases but also retaining existing customers.

The researcher was fascinated by the new developments and trends in the marketing field of India, especially in Kerala. After surveying the scene, it was decided to focus on the gold ornament market which has its own uniqueness both in the wholesale and retail market. Hence the researcher took the decision to strategize the study in relation to this very vibrant market. Marketing strategies selected for this study include product strategies, pricing strategies, place strategies and promotional strategies (4 P'S). The study seeks to formulate a

suitable strategy to fill up the gap and to take care of future needs of consumers. The introductory part deals with the following elements of the study as: Significance of the study, Objectives of the study, Hypothesis of the study and finally Reviews of literature.

Significance of the Study:

Traditionally, India is the largest market for the yellow metal. Bhattacharjee, (2005) in a study mentioned that gold has high demand in India and the available evidence shows that in India, few decades back the demand for gold touched at least 200 tones a year, whereas now it is over 800 tones which shows the fact that India is the largest gold consumer in the world. However the fact is that out of this, 600 tones of gold is used for jewellery fabrication (*Businesshipika*, 2007). Interestingly, south India is the largest and biggest market for gold and gold jewellery in India, and studies show that these markets are accounting for over 45 per cent of the country's demand (Vummidi, 2005). Shaji, (2008) in his article opined that Kerala, a state with 3.1 percent of India's total population, accounts for 20 percent of its gold sale. Whatever may be the

educational trends related to the research problem as revealed by the review of earlier literature, it entails a further study in this area.

Research Objectives:

For the purpose of conducting this study some objectives have been formulated. They are:

- To identify the influence of various product-related marketing strategies on consumers' in the Indian gold ornament market.
- To examine the influence of place (Physical distribution)-related marketing strategies on consumers' purchasing behavior in the Indian gold ornament market.
- To ascertain the effect of price-related marketing strategies on consumers' purchasing behavior in the Indian gold ornament market.
- To identify the impact of various promotional marketing strategies on consumers' purchasing behavior in the Indian gold ornament market.

Research Hypotheses:

- H_0 : There is no significant relationship between consumers' area of residence and the influence of the advertisement of Jewelers on the Indian gold ornament market.

Review of Literature:

The researcher first discussed about the three major studies have been undertaken so far which focus on the marketing strategies in general. Fisk (2006) in his book 'Marketing Genius' attempted to show that marketing strategies gave the perspective and focus to create lasting competitive advantages. In yet another study Prabhu (2006) suggested that an effective strategy was the unique formula for success that forms the foundation of a business plan as well as governing day to day operations. However, Saraswathy (2006) was of opinion that the four P's of marketing – price, product, place and promotion- are not much useful in developing marketing strategies.

Here an attempt is made to present a brief review on the literature on the influence of various place-related strategies. In a study, Lather and Kaur (2006) aimed at understanding the strategies adopted by retailers to keep pace with the changing moods of the shoppers. In this study they addressed how factors within and outside the stores affect store-level shopping decisions. Bell, Ho and Tang ((1998) found that location no longer explained most of the variance in store choice decisions.

The studies reviewed in this section predominantly concentrate on the literature related to the influence of various promotional strategies existing in the form of theoretical and conceptual frame work. In an article co-authored by Gupta and Varma (2000), it was pointed out that marketers design promotional strategies to reach members of families. Kumar and Leone (1988) and Walter (1991) found a significant impact of promotions on store

switching. Prasad and Nataraj (2006) in their article observed that marketing and advertising today had become as important as manufacturing and production due to the increasing competition and awareness among consumers. Similarly Poul (2001) in his doctoral thesis opined that advertising is an important marketing communication strategy in marketing mix. In a study, Cramphorn (1996) emphasized that the prevalent belief that successful advertising represents successful communication with consumers. Yet another study by Ventaeshwarlu and Purushothaman (2000) expressed the view that advertising should be linked with frequency of purchase. In a study by Jha (1997) it was mentioned that even the ordinary people of India understand the information contained in advertisements and they even find the same as a sort of entertainment. Kim and David (2008) pointed out that the Indian respondents have a positive attitude towards advertising in general. Yet another study by Thorson (1991) it was stated that advertisement likeability was an important determinant of advertising impact, regardless of the involvement level of the product or viewing situation. Similarly a study conducted by Vikram (2008), mainly focused on the impact of TV advertisement on the buying habits of consumers in Kerala. Kumar (2007) in his article said that advertising as a powerful tool of communication created mass awareness and induced consumers for a trial. Similarly Mathur (2005) considered advertising communication as a chain reaction consisting of various steps in a sequential manner of creating awareness, comprehension, and acceptance of the product, belief, purchase action, use and repeat purchase. Thomas (1996) in his article highlighted the impact of advertising. He said that advertising could create awareness. In a study conducted by Bhandary(1993), it emerged that the models and their actions projected in majority of the advertisements had considerable impact on the viewers and that by seeing advertisements people got obsessed with the style and actions of the model's presented. Similarly, David and Austad (2004) found that endorsement advertising effectiveness could be strongly influenced by consumers' inferences concerning whether the endorser truly liked the products.

Thus, a review of the above literature brings to light the fact that a number of studies have emphasized that advertisement as an important promotional strategy admittedly plays an important role in imparting and disseminating knowledge. Here, the researcher has also made an effort to present the influence of the brand ambassador as a promotional instrument.

An interesting study carried out by Balachandran and Venkatesh (2006), revealed that promotion was an important element of marketing mix. They opined that (G) localization at this level started right from the choice of brand ambassadors. They also said that credibility was dependent upon the selection of brand ambassadors and when selecting actors as brand ambassadors a popular actor in that region was the best choice. Similarly Sen (1998) in his article opined that a brand ambassador is a

person who represents a brand both in the advertising media and the public relation function.

Very few studies have been made about the various aspects of the gold and gold ornament market in India and abroad. Hawkes (1995) in an article said that among the western products the most precious and enduring metal indubitably is gold. In a case study Bhattacharya (2002) discussed the historical roots of the unique position that gold has always enjoyed in the Indian society. White and Stanfield (1974) in the National Geographic study on gold described uses of gold to Indians. He pointed out that according to Hindu tradition gold is the noblest of metals and one of the foremost among the things pure and auspicious. In a study Prasad (2010) stated that the gold market in India was predominantly a Market for buying and selling physical gold and gold in the form of ornaments. He was conducted this study to understand the perception of customers purchasing level of gold ornaments and their awareness level on the concept of hall marketing by Bureau of India. A study conducted by The Times of India (1979) describing the Indian gold market in its directory and year book remarked that India has the world's largest stock of privately hoarded gold estimated unofficially at 5000 tonnes. Vishwanathan (2007) in her article "Indian Jewellery" said that south India has been famous for temple jewellery that is made of gold studded with precious stones.

Research Methodology:

The study is primarily empirical in nature. The required information has been collected with the help of primary and secondary sources. To evolve an appropriate methodology for the study and to formulate a conceptual frame work for the study, the secondary data are immensely helpful. The primary data have been collected with the help of a consumer survey method by visiting different places in Kerala. Properly designed and pre-tested interview schedules were used for the collection of primary data. The population to be covered was large, multistage random sampling techniques were resorted to as the sampling procedure for collecting data. The voters list of 2005 was used as an instrument for electing the sample households. The electoral roll of 2005 local bodies was obtained from the selected Grama Panchayats, Municipalities and the Corporation. The population selected for the study was the total number of households from the selected wards from concerned Grama Panchayat, Municipality and the Corporation. Total sample size selected for the study was 1312 customers chosen randomly from 19 Grama Panchayats, 12 Municipalities and one Corporation of Kerala. Finally, the data collected were analyzed with the help of statistical tools (SPSS and Excel). Statistical techniques such as scaling and scoring techniques are used for the analysis of the data. Likerts' scaling technique has been used to analyze the attitude of respondents and Nominal scale has been used to analyze the opinion of gold consumers. The hypothesis formulated for the study was tested with the help of Chi square test.

The results of the analysis have been presented by means of tables whenever it was found necessary.

Data Analysis and Discussion:

Data analysis and discussion gives an idea about the various marketing strategies of jewelers for acquiring and retaining consumers of the Indian gold ornament market.

Influence of the Product-Related Marketing Strategies:

A well accepted product is core to the marketing operations in any business. In this section an attempt is made to deal at length with all the selected product related strategies namely, variety of gold ornament designs and product quality improvement strategies that have been taken into consideration for the study.

In India especially in Kerala, Jewelers are providing various types of jewellery designs to their consumers. In addition to the imported, in house and designer gold ornaments traditional jewellery designs are also being popular. By analyzing the view points of respondents, 93.29 per cent of them were found to be aware of the different variety of jewellery designs available in the Indian gold ornament market (Table.1).

Table.1: Respondents' awareness of the different variety of jewellery designs

Awareness	Numbers	Percentage
Positive	1224	93.29
Negative	88	6.71
Total	1312	100

Source: Direct survey

Product quality improvement is one of the important product related marketing strategies in the gold ornament market of India. Here the researcher has made an attempt to give an idea about the opinion of the respondents regarding the quality of the gold ornaments that they purchase. Of the 1312 consumers surveyed, it was found that all of them were considered the quality of the ornament that they purchased to a great extent (Table.2).

Table.2: Respondents opinion regarding the quality of the ornament that they purchased

Opinion	Numbers	Percentage
Considered	1312	100
Not considered	---	---
Total	1312	100

Source: Direct survey

While studying the product quality improvement strategy of the Jeweler, the researcher has taken into account two techniques namely, purity analyzer facility and 916 BIS hall marking scheme of the Jeweler for the study.

While analyzing the opinion of the consumers about their awareness level related to the purity analyzer of the Jeweler, a

majority (81.4 per cent) of them was found to be aware of the same (Table.3). Out of this 74.74 per cent of the respondents had favorable attitude towards the purity analyzer facility of the Jeweler (Table.4).

Table.3: Awareness related to the purity analyzer facility of the Jeweler

Opinion	Numbers	Percentage
Positive	1068	81.4
Negative	244	18.6
Total	1312	100

Source: Direct survey

Table.4: Respondents attitude towards the purity analyzer facility of the jeweler

Awareness	Numbers	Percentage
Favorable	798	74.74
Unfavorable	270	25.26
Total	1068	100

Source: Direct survey

In India, jewelers are making awareness programs to propagate the 916 hall marking scheme in the gold ornament market. By analyzing the view points of respondents, it has been found that 98.86 per cent of them were aware of the 916 hall marking scheme of jewelers (Table.5).

Table.5: Awareness of the 916 hall marking scheme of jewelers

Awareness	Numbers	Percentage
Positive	1297	98.86
Negative	15	1.14
Total	1312	100

Source: Direct survey

Influence of Price-related Marketing Strategies on Consumers:

It is irrefutable that a good and proper pricing strategy employed may help the jeweler to achieve a predetermined share of the gold ornament market. Here the researcher has taken into account some selected pricing strategies resorted to by the merchant for increasing market share and profit maximization in the gold ornament market. This can be achieved mainly through price reduction and gold purchasing plans.

Price reduction is one of the effective pricing strategies followed by jewelers for retaining their profitable customers. Here an attempt was made to find out the reaction of the respondents to the statement 'jewelers are providing price reductions to their customers'. The result of the analysis reveals that most (97.87%) of the gold ornament consumers agreed that jewelers were providing price reductions to their consumers (Table.6).

Table.6: Respondents agreement related to the statement 'Jewelers are providing price reductions to their customers'

Response	No. of respondents	Percentage
Positive	1284	97.87
Negative	28	2.13
Total	1312	100

Source: Direct survey

Gold purchasing plan is one of the useful pricing strategies for addressing the price fluctuations in the gold ornament market of India. Some of the important gold purchasing plans comprise gold chitty scheme, installment purchase scheme, wedding purchase scheme and advance booking scheme. The respondents were asked about their awareness pertaining to the gold purchasing plans of jewelers and also their level of involvement in this. Among the 1312 respondents surveyed, it was found that 1215 (92.61 per cent) of respondents were aware of the gold purchasing plan of jewelers, while 97 (7.39 per cent) of them were not aware at the entire gold purchasing plan of jewelers (Table.7).

Table.7: Awareness level related to the gold purchasing plan

Awareness	Numbers	Percentage
Positive	1215	92.61
Negative	97	7.39
Total	1312	100

Source: Direct survey

Influence of Place (Physical Distribution)-Related Marketing Strategies on Consumers:

The place or physical distribution of a product is, arguably, the most essential and dominant element in the marketing mix. Distribution of product is one of the important rudiments in the marketing mix and it is the method of getting the product from the producer to the ultimate consumer. In this study, the researcher has made an attempt to find out the influence of place or distribution-related marketing strategies on the gold ornament market. The results of the inquiry made to find out the respondents' opinion related to their gold ornaments purchase from a particular jeweler are presented in Table.8. While analyzing the view points of 1312 respondents, 94.28 per cent of them said that they purchased gold ornaments from a particular jeweler. But 5.72 per cent stated that they did not purchase gold ornaments from a particular jeweler.

Table.8: Purchase gold ornaments from a particular jeweller

Opinion	Numbers	Percentages
Yes	1237	94.28
No	75	5.72
Total	1312	100

Source: Direct survey

Loyal consumers are infinitely more valuable in the gold ornament market and they have years of contact with the jeweler. The enquiry which was made to find out the respondent's opinion related to their years of experience with their favorite jeweler is presented in Table.9. By analyzing the views of 1237 respondents, 695 (56.18 per cent) of them were found to have 1-5 years experience with a particular jeweler. 244 (19.73 per cent) respondents 5-10 years and 228 (18.43 per cent) respondents had more than 10 years experience with a particular jeweler. This table also reveals that a few numbers (5.66 per cent) had below one year experience with a particular jeweler.

Table.9: Years of experience with a particular Jeweler

Opinion	Numbers	Percentages
Below 1 year	70	5.66
1-5 years	695	56.18
5-10 years	244	19.73
More than 10 years	228	18.43
Total	1237	100

Source: Direct survey

Influence of Promotional Marketing Strategies on Consumers:

In the gold ornament business, the concept of promotion aims at reaching out to the desired consumers and persuades them to act. We know that promotional strategies play a very crucial role in the gold ornament market. Promotional strategies help the jeweler to make sure that consumers are aware of their full range of products and services and create opportunities to generate repeat and higher value purchases. Here the researcher has made an enquiry to find out the level of the awareness of the respondents with respect to the promotional strategies of our gold jewelers. The analysis reveals that all the 1312 respondents selected for the study were knowledgeable about the promotional strategies of jewelers in our gold ornament market. While analyzing the influencing level of various promotional strategies, the researcher had taken into account five important promotional activities of jewelers (Table.10). The result is presented in the above table in terms of numbers. In the case of the advertisement and tempting offers provided by the jeweler, a majority of the respondents said that these two promotional strategies influenced their gold ornament purchase. In the case of brand ambassadors, celebration of auspicious days and appointment of canvassing agents on the gold ornament market, a majority of them said that these three promotional strategies had not influenced their gold ornaments purchase at all. This study also reveals that the advertisement of the jeweler was the most influential promotional strategy in the gold ornament market of India.

Table.11: Influencing level related to various Promotional Strategies of the Jeweler

Promotional strategies	Influenced	Not influenced
Advertisement	1110	202
Brand ambassador	318	994
Celebrating auspicious days	576	736
Offer	1018	294
Canvassing agents	246	1066

Source: Direct survey

Influence of the Advertisement of Jewelers on Consumers * Area-Wise Comparison:

Most jewelers rely highly on advertisements for promoting their product all over the state. Advertisements are effective because they are done strictly in the regional language of the consumers with the help of celebrity endorser. Based on the above results, the researcher scrutinized the relationship between consumers of urban, semi-urban and rural respondents and the influence of the advertisement of jewelers on the purchasing behavior of consumers in the gold ornament market. The comparative analysis shows that the semi urban group had the highest number (88.2%) of respondents who purchased gold ornaments due to the influence of the advertisement of jewelers as compared to other two groups. This also reveals that there is a small variation in the opinion of the entire three groups of respondents (Table.12). This throws light on the fact that the advertisement of jewelers greatly influenced semi-urban respondents.

Table.12: Comparative analysis –Area of the residence and advertisements of Jewelers

Area	Influenced	Not influenced	Total
Urban N (%)	101 (77.1)	30 (22.9)	131
Semi-urban N (%)	365 (88.2)	49 (11.8)	414
Rural N (%)	633 (82.5)	134 (17.5)	767
Total	1110	202	1312

Source: Direct survey

Based on these results, the researcher investigated the relationship between consumers of three areas and the influence of the advertisement of jewelers on their gold ornament purchase. When these statistics were tested with the help of Chi-square test, the null hypothesis formulated is:-

H₀: There is no significant relationship between the area of the consumer and the influence of the advertisement of jewelers on their gold ornament purchase.

The result of the Chi-square test clearly reveals that the significant value is .004 (Pearson) and it is less than the cut of value of .05. Hence we reject the null hypothesis. Thus

we conclude that there is a significant relationship between the respondents' area and the influence of the advertisement of the jeweler on their gold ornament purchase (Table.13).

Table.13: Summary of Chi- square Test Statistics

	Value	df	Asymmetric Significance (2- sided)
Pearson Chi-Square	11.033	2	.004
Likelihood Ratio	11.128	2	.004
No. of valid cases	1312	---	---

Source: SPSS Output

Conclusion:

In the light of the above disquisition, it is obvious that this research adds a new dimension to our perception of the attitude of gold consumers towards the different marketing strategies in the Indian gold ornament market. The primary data was collected from 1312 respondents with the help of a survey method by visiting different places in Kerala. In this study the researcher provides an overview of the influence of various marketing strategies on consumers in the Indian gold ornament market. There is no denying the fact that gold business is one of the growing retail sectors in India, especially in Kerala and it is in a boom period. In the gold ornament market, the jeweler should be keeping themselves updated with the dynamic of economic and market environment conditions, and also expertise in market research. They have to formulate result-oriented and workable marketing strategies in such a scenario. They not only develop marketing strategies but also evaluate existing ones, identifying problems and giving proper solutions. While developing marketing strategies, they mainly focus on understanding the current and emerging needs of customers, opportunities available in market and how they can grab these opportunities to achieve marketing goals and business objectives.

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