

Identifying Opportunities To Improve Sales Performance Of Diamond Jewelries In Coimbatore

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ABSTRACT

Necessary care is taken by the producers and the sellers to satisfy the existing customers and develop potential customers. Likewise the Diamond jewelries in Coimbatore city located in the Chennai state of India, take initiatives to satisfy the needs of the customers in various aspects. But the sales performance was found to be good only in few showrooms. All the others experienced limited sales which are even not enough to meet their maintenance charges. This led to financial crisis with the burden of heavy repayment of loans and in some extreme cases attempt to suicide by the sellers unable to meet their commitments. These observations prompted the researchers of this paper to examine the problems faced by diamond jewelry business and also to study the sales performance by collecting primary data through a survey. Further the opportunities for diamond jewelries to improve their sales were also identified by the researchers. The results, analyses and the suggestions are reported.

Key Words: Marketing, Consumer Behavior, Diamond Jewelries.

INTRODUCTION

The rarity and eternity of diamonds is a highly appealing factor in the purchase of diamonds. This coupled with the fact that for centuries diamonds have been considered as the ultimate symbol of love and relationship has contributed to the sharp rise in demand for diamonds. Diamonds complement gold and platinum in jewelry and today, are seen as an investment. Indians have been known to be fascinated with jewelry from time immemorial.

Initially it was felt that only gold jewelry could be an investment, but that perception is gradually changing. Consumers see diamonds also as an investment. India is the world leader in the diamond cutting and polishing industry, main reasons being logical combination of enterprise and initiative of the Indian diamond traders, cutting skills of the artisans and the favorable economic and political environment, further fueled by economic liberalization followed by the successive governments since the 1990s.

Diamonds are always a rich man's best friend, and the trade knows it though India was known to have diamond mines many centuries ago. The fabulous "Kohinoor" is an Indian diamond. India has continued to maintain its tradition of diamond cutting and thousands of people are involved in this skilled occupation. The Indian diamond cutting centers are concentrated in Mumbai in Maharashtra State of India and Surat, which is a small town about five hours away from Mumbai, and located in the neighboring state of Gujarat. The availability of a large labor force has made the country the biggest diamond cutting center for small roughs. But for these Indian workers, many of the small diamonds would be put to industrial use rather than jewelry. The Indian diamond trade generates over 4 billion US dollars in exports every year. This represents an almost 25 percent value addition to the imports of roughs. The trade itself is controlled by a handful of companies and families, most of who hail from the small town of Palanpur in Gujarat. Many of them are fabulously rich and divide their time between India, Belgium, Israel and other western countries.

STATEMENT OF THE PROBLEM

Due to globalization all the business people are in a position to face toughest competition and diamond jewelries are not an excuse for this issue. They too face similar problems. Though the jewelries are giving advertisement in various media, only few vendors make considerable volume of sale and others are simply waiting for the customers. Only at the time of festival they can have the normal sales. But they have to incur regular maintenance charges which will be a burden after some days. The answer lies in doing a better job of meeting and satisfying customer needs. Firms' policies and operations should be customer-oriented and they should first ascertain customer's needs and desires before starting production. Customer's preferences shape the business decisions.

Marketing concept insists upon constant innovation and the aims of marketing are: to develop intelligent and capable application of modern marketing

policies, to develop the marketing field, to develop guiding policies and their implementation for a good result, to suggest solutions by studying the problems relating to marketing, to find sources for further information concerning the market problems, to revive existing marketing function, if shortcomings are found and to take appropriate actions in the course of actions.

Thus the tasks for the diamond sellers lies in selecting the franchises / showrooms in a systematic manner, establishing an elaborate advertisement in the national and regional press, and inviting applications from prospective dealers. Taking into consideration these factors, the authors have made an attempt to study the diamond products' market opportunities and gaps, with special references to Coimbatore city, in the state of Chennai in India.

OBJECTIVES OF THE STUDY

The following are the objectives of the study

1. To study the reasons for purchasing diamond products from the survey respondents' regular showrooms.
2. To explore the available facilities in the respondents' regular showroom.
3. To identify the promotional activities for diamond products.
4. To identify the best media to advertise diamond products and
5. To suggest better ways and means to increase the sales and services to the customers.

RESEARCH METHODOLOGY

Coimbatore being a cosmopolitan city has wide segments of demography with different caste, culture, religion and socio-economic background and it is also a city with more educated population with vivid purchasing habits. The city also acts as a center for skilled jewelry craft men and large jewelry showroom. Thus Coimbatore was selected as the area of the study. Sampling method was used to collect

the pertinent data from the respondents who were selected randomly. The study was conducted within Coimbatore city and the sample for the study was selected based on the judgmental sampling technique. Field survey technique was employed to collect the primary data, from the 200 selected sample respondents in Coimbatore.

The present study used both primary as well as secondary data. The first hand information, collected by the researcher or assistant is called the primary data. In this study the primary data was collected through structured questionnaire. Besides the primary data, the secondary data was also collected for the study. Websites, books, leading journals and magazines were referred for this purpose to facilitate proper understanding of the study.

The data collected from the primary sources were arranged sequentially and tabulated in a systematic order. In order to analyze and interpret the data simple statistical tools like percentage analysis and Chi-square analysis were used as found necessary.

REVIEW OF LITERATURE

Taylor (2009) who studied an important emerging sector of Indian economy namely the gem and jewelry calls it a leading foreign exchange earner for the country. The country consumes around 800 tons of gold that account for 20 % of global gold consumption and nearly 600 tons of this gold goes into jewelry making. The Indian jewelry market, which is estimated to be US\$ 13.5 billion in fiscal 2006-07, accounts for 8.3% of the global jewelry sales, according to a study by KPMG.

The increase in purchasing parity of the middle class and surging income levels have resulted in consumption growth of gems and jewelry by about 11 % in the 5 year period preceding 2006-07, (Diamond Trading Company Report, 2005). It also contributes over 15 % of the total exports of the country and provides employment to 1.3 million people directly and indirectly. The two major segments of the gem and jewelry industry in India are

gold jewelry and diamonds. The contribution of gold jewelry is about 80 % of the total jewelry market, with the balance comprising fabricated studded jewelry, which includes diamonds as well as gemstone studded jewelry.

Today, jewelry designing as a career is steadily grabbing international attention. India has produced award-winning jewelry and accessory designers. Industry Experts believe that it's a good time to think of jewelry designing as a career option, (www.diamondindia.com). Till barely 10-15 years back, jewelry designing was confined to a few goldsmiths. Jewelry designing has come out of the closet and is no longer a trade carried out by semi-literate goldsmiths in family vaults, passed down like a well-kept secret from generation to generation. Instead, thanks to the advances in technology, it has landed on the drawing board with some firms even using computer-aided designs to create exquisite pieces in virtual reality. With the entry of big players like Tanishq, Swarovski, DeBeers, D'-damas, the thrust is on gems and stones rather than pure gold, giving a big push to the organized gems and jewelry industry.

Phillip (2009) in his study comments that branded jewelry has found a niche for itself in the tough Indian market, and it's increasing growth rates shows that before long it will corner a significant share of the jewelry market. With the retail industry in India burgeoning, several companies have made inroads into the traditional jewelry industry, selling the product that was never really marketed under brands. Branded jewelry is the new mantra in the market, having rapidly acquired a niche over the past few years. Some of the companies have even cleverly played on Indian customs and traditions to advertise and establish their brands. Jewelry is now marketed for every occasion; even Valentine's Day calls for "a special something [diamond] for a special someone".

In spite of pessimism about the marketability of branded jewelry in a country rooted in buying ornaments from the traditional goldsmith, 30 brands were launched in 2004. However, this does not take

away from the fact that India is a tough market. According to Mehul Choksi of the D'Damas and Gitanjali Group, branded jewelry has witnessed more than 50 per cent growth in the last three years. The diamond branded jewelry, he says, is especially impressive with the segment witnessing a 20 per cent rise annually as against 10 per cent a decade ago (<http://artofjewelry.com/guestarticle.aspx?id=33>).

Although branded jewelry accounts for less than 10 per cent of the Rs.40,000-crore jewelry market, a study has concluded that it is growing in popularity at a tremendous pace of 20-30 per cent annually. Such is the potential of this industry that the consulting firm McKinsey estimates the branded jewelry market in India to grow at the rate of 40 per cent per annum to touch Rs.10,000 crores by 2010, (www.fashion-era.com).

The biggest challenge perhaps is in educating the consumers, who need to understand the four Cs - Cut, Carat, Color and Clarity about the diamonds. Companies that brand their products place a lot of emphasis on educating and are helping the customers make their purchase. And the big selling point is: "If you can spend Rs.1,000 on two music CDs, why not spend for that special person in your life" (www.onlygold.com/).

As per a recently published research report "Indian Gems and Jewelry Market – Future Prospects to 2011", gems and jewelry market in India possesses tremendous potential for future growth since it has an added advantage of low production cost and highly skilled labor that separate it from its competitors. It is projected that the overall gems and jewelry market will grow at a CAGR of around 14% during 2009-2012.

The strong government support in the form of incentives and establishment of SEZs, has been the major driver for the Indian gems and jewelry market. The market also plays a vital role in the Indian economy as it is a leading foreign exchange earner and accounts for more than 12% of India's total exports. Currently the Indian market remains

highly fragmented, but is rapidly transforming into an organized sector (<http://www.goldwrap.com/index.php>).

At present, the Indian gems and jewelry market is dominated by the unorganized sector; however, the trend is set to change in near future with the branded jewelry market growing at an expected CAGR of more than 41% in the coming four years. As per the research report, with its consumption pegged at nearly 20%, India remains world's largest gold consumer and this share is expected to grow further.

Given the fact that majority of market share is occupied by family-owned jewelers, the domination of unorganized segment still continues on the Indian gems and jewelry market. However, this scenario is gradually changing with the entrance of organized players who primarily focus on customer satisfaction by giving better and finer quality products. Thus, consumers are now moving towards branded jewelry which is more reliable in terms of quality and design.

Gems and Jewelry sales and marketing received a facelift with the advent of the supermarket culture. As organized retail in India progresses to the next lap, some precious industry players are about to ascertain their preparedness and strategy to achieve maximum mileage (<http://jewelry.indianetzone.com/>).

As India reacts to a retail revolution, the hitherto sober gems and jewelry industry seems to have jumped on the bandwagon with a clear plan of action. The industry has already made a mark by capturing 3 per cent of the organized retail space thanks to the leadership shown by a handful of companies prepared to dazzle the world.

RESULTS AND DISCUSSION

A structured survey was conducted among the diamond jewelry buyers and Table 1 explains the profile of the surveyed respondents in Coimbatore city.

TABLE 1. General Profile of the Respondents

Sl. No.	Factors	Classification	Number of Respondents	Percentage
1.	Gender	Male	126	63
		Female	74	37
		Less than 20 years	8	4
2.	Age Group	20- 40 years	128	64
		Above 40 years	64	32
		Doctor	16	8
		Auditor	10	5
		Government Employees	16	8
3.	Occupation	Private Employees	54	27
		Business	68	34
		Housewife	32	16
		Others	4	2
4.	Educational Qualification	School	20	10
		Under Graduate	106	53
		Post Graduate	74	37
5.		Less than Rs. 20,000	68	34
		Rs. 20,000 – 30,000	96	48
		Rs. 30,000 – 40,000	34	17
		Rs. 40,000 and above	2	1

(Source: Primary Data)

It was found surprisingly that male respondents are ~~very much~~ interested to buy diamond products than female respondents. It means that male respondents buy and gift the same to their loved ones. Moreover, respondents in the middle age group of i.e. 20 to 40 years are buying the diamond products at the maximum quantity which may be due to their high level of earnings during this period. Besides, aged respondents' counterparts do not prefer the diamond products. Out of 200 respondents, 106 respondents who are graduates indicated their low preference for the diamond products.

RESPONDENTS OPINION ABOUT THE AWARENESS OF DIAMOND PRODUCT

The respondents were asked about their opinion about awareness of diamond product. For this purpose, the awareness levels considered in the study are Very Much Aware, Somewhat Aware, Aware and Not Aware. The respondent's opinion about awareness of Diamond product is shown in Table 2.

TABLE 2. Opinion about Awareness of Diamond Product

Sl. No.	Awareness about Diamond Product	Number of Respondents	Percentage
1.	Very Much Aware	34	17
2.	Some What Aware	82	41
3.	Aware	84	42
	TOTAL	200	100

(Source : Primary Data)

It was found that most of the respondents are not fully aware of the diamond products.

RESPONDENTS OPINION ABOUT SOURCE OF INFORMATION ABOUT DIAMOND PRODUCT THROUGH VARIOUS MEDIA

The respondents were asked opinion about sources of information regarding diamond products through various media. For this purpose, the media considered are Radio, Television, Internet and Paper Inserts. The respondent's opinion through various media is shown in the Table 3.

TABLE 3. Opinion about Source of Information through Various Media

SI. No.	Sources of Information	Number of Respondents	Percentage
1.	Radio	26	13
2.	Television	136	68
3.	Internet	22	11
4.	Paper Insert	16	8
	TOTAL	200	100

(Source : Primary Data)

The glittering part of the diamond is fully shown in the television advertisement than any other media of advertisement. Hence, television advertisement attracts more number of respondents.

RESPONDENTS OPINION ABOUT SOURCES OF INFORMATION ABOUT DIAMOND PRODUCT THROUGH ENGLISH NEWSPAPERS

The respondents were asked about their sources of information regarding Diamond product through English Newspaper. For this purpose, English Newspapers considered are The Hindu, Indian Express, Business Line and Others. The respondent's opinion through English Newspaper is shown in the

Table 4. Opinion about Source of Information through English Newspaper

SI. No.	Sources of Information	Number of Respondents	Percentage
1.	The Hindu	166	83
2.	Indian Express	22	11
3.	Business Line	12	6
	TOTAL	200	100

(Source : Primary Data)

RESPONDENTS OPINION ABOUT SOURCES OF INFORMATION ABOUT DIAMOND PRODUCT THROUGH TAMIL NEWSPAPER

The respondents were asked about their sources of information regarding Diamond product through

Tamil Newspaper. For this purpose, Tamil Newspapers considered are Dhinamalar, Dailythanthi, Dhinakaran and Others. The respondent's opinion through Tamil Newspaper is shown in the following Table 5.

TABLE 5. Opinion about Source of Information through Tamil Newspapers

Sl. No.	Sources of Information	Number of Respondents	Percentage
1.	Dhinamalar	136	68
2.	Dailythanthi	28	14
3.	Dhinakaran	20	10
4.	Others	16	8
	TOTAL	200	100

(Source : Primary Data)

Using the data collected the usual statistical analyses were made as suggested in Gupta (1973), and Kothari (2009). The results are shown in tables 6 to 9.

Table 6. Relationship between Age and Opinion about Their Preference of Type of Diamond Products

Age Group	Preference of Type of Diamond Product					Total
	Western	Traditional	Fusion	Modern & In -Fusion	No Fixed Preference	
18 - 20 Years	2	2	2	2	0	8
21-30 Years	8	16	10	22	8	64
31 – 40 Years	4	14	6	28	12	64
41 – 50 Years	6	6	2	32	8	54
> 50 Years	0	0	2	6	2	10
TOTAL	20	38	22	90	30	200

Calculated value of chi-square is (3.997) less than table value (26.29) at 5 percent level of significance. Hence, it is proved that there is no significant relationship between Age and Respondents opinion

about their preferred type of Diamond Product. It was found that all the age group of respondents prefers all types of diamond products.

Table 7. Relationship between Education Status and Respondents Opinion about Level of Satisfaction towards Diamond Advertisement

Educational Qualification	Level of Satisfaction			Total
	Some What Satisfied	Highly Satisfied	Not Satisfied	
School	18	2	0	20
Under Graduates	72	22	12	106
Post Graduates	34	36	4	74
TOTAL	124	60	16	200

Calculated value of chi-square (5.5021) is less than table value (9.488) at 5% level of significance. Hence, there is no significant relationship between

Education Status and Respondents opinion about level of satisfaction towards Diamond Advertisement.

Table 8. Relationship between Education Status and Respondents Opinion about available Facilities in Regular Showroom

Available Facilities in Regular Showroom					
Educational Qualification	Carat Meter Facility	Saving Scheme Facility	Exchange Facility	Others	Total
School	4	6	8	2	20
Under Graduates	32	10	60	4	106
Post Graduates	6	22	42	4	74
TOTAL	42	38	110	10	200

Calculated value of chi-square is (8.1827) less than table value (12.59) at 5 percent level of significance. Hence, it is concluded that there is no significant relationship between Education Status and Respondents opinion about available facilities in

Regular Showroom. It was observed that whatever be the status of education of respondents, nobody minds the facilities available in the regular showroom.

Table 9. Relationship Between Education Status And Respondents Opinion About Their Preference of Type of Diamond Products

Preference of Type of Diamond Products						
Educational Qualification	Western	Traditional	Fusion	Modern & In - Fusion	No Fixed Preference	TOTAL
School	0	4	2	12	2	20
Under Graduates	12	22	8	46	18	106
Post Graduates	6	16	10	36	6	74
TOTAL	18	42	20	94	26	200

Calculated value of chi-square is (1.8194) less than table value (15.507) at 5 percent level of significance. Hence, there is no significant relationship between Education Status and Respondents opinion about their preference of type of Diamond Products.

SUGGESTIONS

Based on the survey the following suggestions are made:

1. The respondents get information about diamond product through television, and two news papers "The Hindu" and "Dhinamalar". Hence it is suggested to jewelry sellers to promote their advertisement through these media.
2. The respondents are purchasing from different showroom for reasons for good quality. Hence, it is suggested that the jewelry sellers should concentrate and improve their quality.

3. The respondents are inspired by exchange facility in their regular showrooms of purchase. So it is suggested to provide exchange facility in their showroom.
4. The respondents prefer Modern and In-Fusion type of diamond showrooms. So, it is suggested to introduce new designs in Modern & In-fusion type of diamond products.
5. The respondents are expecting diamond exhibition often in Coimbatore city. Hence more exhibitions need to be held regularly.
6. The respondents are expecting new designs in the market. So more designs need to be introduced in the market.
7. Most of the respondents are purchasing diamond products during "Diwali" festival and wedding season. So, it is suggested to improve designs and to provide many buying offers during these seasons.

CONCLUSION

Nowadays the consumers can avail all information about the products available in the market with free of cost. They are aware of all the similar competitive products in the market. Further they consider the discount, price, quality of the product and also attractive design before taking a decision to buy products. In the diamond jewelries the customers expect more designs and quality. So the business people who are dealing in diamond must know the attitudes of the consumers and should try to satisfy the needs of consumers by introducing more designs

in their products. Further they have to know the consumers preferences and attitudes when buying diamond products. More efforts are to be taken by the diamond jewelries for advertisement and help to improve the sales considerably. Further they have to introduce new strategy and methods to attract new consumers and also retain the existing customers. The survey revealed several interesting factors and is expected to help the diamond jewelry market to increase their contribution to the nation's economy.

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