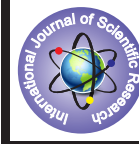


## Impact of Organised Jewellery Retailing on Unorganized Gems and Jewellery Retailing in Madurai District With Special Reference to Madurai Gems, Jewellery and Bullion Association



## Marketing

**KEYWORDS :** Organised retail, unorganized retail, consumer behaviour, Customer Loyalty, Advertisement

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### ABSTRACT

*The Indian gems and jewellery market continues to be dominated by the unorganized sector. There are over 2.5 million jewellery shops in India and most of them are family run. In Tamilnadu, Madurai district, Madurai-Jewellery Market consists of more than 2000 unorganized and 54 organized retailers. With an increasing number of jewellery houses entering the branded jewellery sector, retail of jewellery is becoming organized. Therefore This research aims to study the impact of organized retailer on unorganized sector, strategy followed by the unorganized retailers to retain their customer in Madurai district. The primary data was gathered through a five point Likert scale questionnaire from 150 retailers across Madurai district. The sample size was determined based on the sample standard deviation. Chi-square test and Anova test were carried out to find out the relationship between dependent and independent variables. The study findings indicate that there is an impact of organized retailers on unorganized sector. This Research shows that the consumers are looking for variety in designs and the big organized players will fulfill this latent need of the consumers. The trade in the light of the above mentioned scenario needs to act fast and get their act together.*

### INTRODUCTION

The Indian gems and jewellery market continues to be dominated by the unorganized sector. There are over 2.5 million jewellery shops in India and most of them are family run. However, with the Indian consumer becoming more aware and quality conscious (BIS Hallmark), branded jewellery is becoming very popular. With an increasing number of jewellery houses entering the branded jewellery sector, retail of jewellery is becoming organized. The share of unorganized segment, comprising family jewellers, declined from 96% in 2009-10 to around 93-95% in 2010-11. The market for branded jewellery retailing in India at USD 2.85 bn, is just 5% of the USD 57 bn domestic jewellery retail market. The branded Indian jewellery retail market is growing at 30-40% annually, with growth being attributed to the rising brand consciousness of people.

### Evolution of Jewellery Market in Madurai District

The Madurai gems and jewellery market continues to be dominated by the unorganized sector. There are over 2000 unorganized jewellery retail outlets (with reference to Madurai Jewellers & Bullion Merchants Association 2013 report) in Madurai district and most of them are family run. Traditionally the art of making jewellery has been passed through generation, kaari-gars having inherited expertise and skill from their ancestors, the art being handed down through the generations to generation. In 1940s, There were around 15 jewellery retail outlets in Madurai city which steadily increased to 200 outlets in 1960, 500 outlets in 1980. During this period, art catalog (modeling art with black and white printing) was used to select the ornaments. In 2000, there were 800 retailers; photos showing number of designs were used to get orders. During 1995-2000, jewel encyclopedia shows the design prevailing the market. In 2006, there are 1500 jewellery retailers. After 2000 there is a tremendous change in the gold market with the heavy competition and advertisement provided by various jewellery retailers.

Now, Madurai Jewellery market has been witnessing the retail revolution since the preceding few years. The Key Brands in the madurai Jewellery Market are Bhima Jewelers, Jos Alukkas, Lalitha Jewellers, Thangamayil Jewellery, GRT Jewellers, Malabar Gold & Diamonds, Alukkas, Sri Balagopalan Jewellery Mart, RMA Jewellery, Tanishq, Krithilals, Seetharam Jewelers, joy alukkas, Tanishq, Kalayan Jewellers, Senthil Murugan Jewelers, ORRA.etc.

### PROBLEM DEFINITIONS

Traditionally, people of Madurai have always bought jewellery for festivities, weddings and other special occasions through their trusted neighborhood or family jeweler in Madurai district. But in recent years, a trend seems to be evolving whereby

increasing number of individuals is opting for branded jewellery which is driving the growth of organized retail jewellery. Big retail jewelers are offering customized gold jewellery in addition to their diamond studded jewellery offerings as local tastes and sensibilities play an important role. Unorganized retailers started facing tough competition from organized retailers. The domestic as well as international organized retailers opened their branches in Madurai. Customer service and specifically relationship management, in particular, are crucial to attaining a sustainable competitive advantage in the marketplace. Without modifications and innovations in working style of small Retailers their existence will be at the stake. This kind of thinking in the society is also compelling Retailers to change their format and be a bit organized at their level. Formulation and execution of strategy is important in a competitive environment. In a competitive environment every retailer is interested to improve his position to create a strong base for survival. The competition was developed in terms of attracting large number of customers and to retain them. In recent days the unorganized retailer's views also changed. To attract the customers, they adopted various strategies and implemented them in the market. Hence a study has been made to know the strategies adopted by the retailers to overcome the competition.

### REVIEW OF LITERATURE AND HYPOTHESIS DEVELOPMENT

According to V Ramanathan (2009), the unorganized retailers need to be responsive to the competitive retail market dynamics created by the organized retail formats in order to sustain their business and serve their target customers in a profitable manner. The change process requires the unorganized retailers to reshape their existing business practices of dealing in a limited variety of product alternatives to offering the complete assortment in the product categories handled by them.

According to leela rani(2006) Six of the independent variables considered, namely, shopping attitude of respondent, store loyalty (SL), perceived store prices, store distance, shopping frequency, and brand loyalty (in order of importance of impact) significantly influenced consumers' attitude towards retail store in out-of-stock.

According to Anirban Sengupt (2008) Emergence of modern retail in India is not just a result of increasing consumer buying power – manufacturers and unorganized retailers also have an important role to play in this process at the macro-level.

H1: Business running year and business change is independent to each other

H2: Heavy advertisement campaign of the leading retail outlets influences the sales of the unorganized retail outlets.

H3: Type of location influences the number of customers visiting the outlets.

H4: Size of the outlets influences the number of customers visiting the outlets.

H5: Age of the retailers is likely to influence the change in retail business.

**RESEARCH OBJECTIVES**

- To study the Impact of modern retail formats on traditional retail formats in Madurai district.
- To study and understand the impact of modern retail formats on traditional retail formats in Madurai district.

**Methodology**

A quantitative approach was used in this research and the research is descriptive in nature.

**Measurement and Scaling**

The conceptualization and development of the questionnaire was based on the existing literature. A typical 5-point Likert scale was used. The survey instrument was refined during a pilot study to ensure the internal consistency of the measured instrument, with the involvement of 25 respondents.

The questionnaires were administered by personal delivery. Convenience sampling approach was adopted in order to collect the primary data and it took a period of one month for the entire collection of data. The individuals targeted for the collection of data for this research project were owners and employees of the jewellery retail outlets in Madurai district.

During a four-week period, 180 respondents completed the survey. Twenty responses were discarded due duplicate submissions or incompleteness, a net sample of 150 (Size is determined based on the sample standard deviation) usable questionnaires was used in this study.

**Tools Used**

For the purpose of data analysis, statistical package for social sciences (SPSS) version 17 was used. Statistical tests like Anova and Chi square test conducted in order to see the impact of independent variables over the dependent variable.

**ANALYSIS AND DISCUSSION**

- 30% of the jewellery retailers established their business in between 31 to 40 years followed by 22% of the respondent's established their business in between 21 to 30 years.
- Most of the respondents (26%) are above 55 years of age followed by 24% of the respondents are between the age group of 45 to 55 years.
- Majority of the respondents (28%) are studied up to HSC followed by 24% of the respondents are completed their higher education.
- 28% of the retailers are having the outlet between the size of 100 to 200 square ft followed by 24% of the respondents are having the outlet between the size of 200 to 300 square ft.
- 36% of the jewellery outlets are located inside the shopping complex followed by 22% of the outlets are located along the roadside in Madurai district.
- 60% of the jewellery outlets are doing only retail business followed by 20% of the respondents are doing retail and wholesale business.
- Necklace, Rings, Bangles and Earrings Drops are the products which are most frequently purchased by the customer followed by Bracelet, Pendent and Set Mattal Stone dollars.
- Majority of the retailers retain their customer through Communicating through mail, greetings, Phone Calls, Gifts, Personnel relationship.
- 54% of the sales are through order process and 46% of the sales are through on spot delivery.
- 75% of the jewellery retailers give cash credit to the customers.

- In order to overcome the competition, medium and small size retailers are started upgrading their retail outlets with the introduction of new designs, Advertisement, Infrastructure (decoration), Stock, Gifts and complements.
- 60% of the customers prefer fashion Jewels followed by 25 % of the customers prefer economically praised Jewels and 15 % of the customers prefer traditional designs.
- The below table shows the technology used by the retailers at present and the preference towards it in future.

**Chi Square Test**

H1: Business running year and business change is independent to each other

Here the significance value is 0.000 which is less than 0.05 hence so alternate hypotheses will be accepted and it can be concluded that Business running year and business change are dependent of each other.

**Results Summary of Anova t test**

No.	Hypothesis	Results	Reasons
H1	Heavy advertisement campaign of the leading retail outlets influences the sales of the unorganized retail outlets.	Supported	ANOVA results, F value = 6.088, Pr=0.00, Alpha=0.05
H2	Type of location influences the number of customers visiting the outlets.	Supported	ANOVA results, F value = 3.309, Pr=0.013, Alpha= 0.05
H3	Size of the outlets influences the number of customers visiting the outlets.	Supported	ANOVA results, F value = 4.502, Pr=0.02, Alpha=0.05
H4	Age of the retailers is likely to influence the change in retail business.	Not Supported	ANOVA results, F value = 50.975, Pr=0.423, Alpha=0.05

**Strategies which adopted by Retailers**

Strategy	Average Penetration
Wastage reduction	1.405
Offer Discount	1.445
Increased number of designs	2.485
Better display	2.585
Improved home delivery	3.125
Increased store space	3.024

It is so common thing that retailers like to implement different kinds of strategies to survive incut through competition. The retailers prefer to implement strategies like wastage reduction and offering discount to attract customers or to survive in competition. Respondents are average prefer strategies like increased number of brand and better display.

S.No	Facilities and Services	Current Use(Yes)	Current not using	Want to use in Future	% of Increase
1	Credit card machine	36	64	52	16
2	Scanning / bar coding	14	86	32	18

3	Computerized accounting, inventory control etc. (s/w)	34	66	62	28
4	Air-conditioning	48	52	76	28
5	Spy Camera	46	54	74	28

From the above table it is clear that 36% of the retailers are using credit card machine and in future it will increase up to 52%. 14% of the retail outlets are using scanning / bar coding and in future it will increase up to 32%. 34% of the retail outlets are using computerized accounting/ inventory control (s/w) and in future it will increase up to 62%. 48% of the retail outlets are having A/C facility and in future it will increase up to 76%. 46% of the retail outlets are using spy camera and in future it will increase up to 74%.

**CONCLUSION**

Madurai Jewellery retail sector is changing now and many Jewellery retail investors open their retail outlets and running successfully. Some other big players are ready to invest in Madurai Jewellery Market. Organized Jewellery retailing would benefit society at large, more so the end consumers, in terms of BIS Hallmark and less wastage price. Modern Jewellery retail offers Jewels with numerous designs and offers a better shopping experience. Unorganized Jewellery retailers follow their own strategies to maintain their customer base. They more stick to satisfy their more short of loyal customer by providing various facilities like credit facility, free home delivery, etc. one more thing which is most important behind winning customers trust is that unorganized retailers are giving surety on purchase of any kinds of Jewells. The second most important thing behind loyalty of customers is kind behavior and helpful nature of unorganized retailers. According to the perception of unorganized jewellery retailers, the consumption behavior of the consumer is much changed due to opening of organized big jewellery retailer with huge advertisement campaign. The unorganized retailers should upgrade their outlets with latest designs and technology.

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