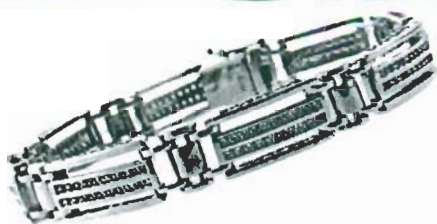




India is making fast progress, but there is potential for a lot more, especially when it comes to jewellery retail and e-tail, discovers Dr A Sivakumar

## RETAIL ROADMAP

# Dazzling re-tale



**T**he jewellery market in India is estimated to be growing at the rate of 10 per cent per annum. Of the Rs 50,000-crore Indian jewellery market, the diamond market accounts for around Rs 9,000 crore. Only 2 per cent of this market is branded jewellery, with around eight to ten brands.

Jewellery is a very fragmented business. There are around 2,50,000 jewellery retailers and many more manufacturers. Tanishq, Oysterbay and Gili are prominent national players in the serious fine jewellery segment. Other jewellery retailers are either limited to a single city, or have a very limited, regional presence. Any national brand needs to acquire a good reputation for styling and reliability and must become an aspirational brand. As regards reliability, the jewellery industry is chronically lacking in ethics. No wonder then, that jewellers turn to hallmarking in order to convince their customers that the jewellery they purchase is genuine.

### Branded dazzle

In India, the branded jewellery market is estimated to be close to Rs 1000 crore and is growing at around 15 per cent. Though branded jewellery as a fashion accessory commands only a small share – less than 1 per cent – of the Rs 40,000-crore jewellery market in India, it is growing at a healthy rate of 20-30 per cent annually. Urban consumers are shifting preferences from heavy gold jewellery to lighter, trendier ornaments, and they often choose to replace a single, expensive, chunky set with several lightweight ones fit for a variety of occasions.

Branded jewellery retailers in India face stiff

competition from traditional jewellers who have been serving families for generations. However, the new generation of consumers has taken to branded jewellery, thanks to effective promotion.

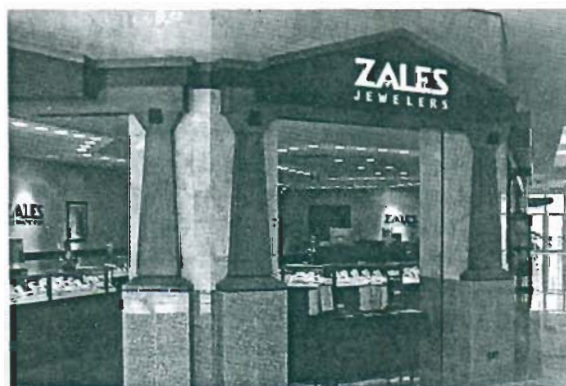
### Glittering USA

The retail jewellery market in US is highly competitive. Just a few years ago, Wal-Mart was the number one in jewellery retail sales and it is not even a jewellery retailer! Sterling is a retail jeweller that is a subsidiary of the Signet Group, UK. JC Penney and Sears, Roebuck are also known for jewellery retailing.

JC Penney has recently added jewellery to its web offerings, beefed up its diamond inventory, and is testing some higher-end lines in platinum, 18 carat yellow and white gold Italian designs, and more fashionable gemstone lines like the Princess Alexandra collection for younger, more upscale consumers.

In US, the Zales Corporation is one of the leading

*The Zales Jewelers store in Florida, US*



**PRECIOUS YELLOW**

Political uncertainty, a weak dollar, and escalating gold prices did nothing to deter gold sales growth in US and last year was the thirteenth consecutive year of increased gold sales

**THE ZALE STORM**

Beginning in 1924 in Texas, the Zales stores, over the course of five generations, expanded from a family jeweller located in just a few downtown locations to 750 stores in US and Puerto Rico today

**RETAIL**

branded jewellery stores. Based in Irving, Texas, this company has achieved success through realigned executive and divisional management teams, upgraded merchandising programs, and the acquisition of the Piercing Pagoda kiosk chain.

Piercing Pagoda targets consumers who desire quality jewellery at low prices. Zale also revolutionised the industry by changing the cash-only policy of jewellery retailing by offering credit to working-class customers as well as allowing payment in instalments. Other innovations include an employee profit-sharing plan, mass advertising, a commitment to sales training, and development of a corporate child-care facility. Zale opened a permanent office in Antwerp, Belgium, to buy uncut stones, a first for the retail jewellery business.

Jewelry.com, an e-jewellery retailer in US, was instrumental in bringing key jewellery retail names together on the net to forge a 'cooperative competition' programme to promote gold jewellery. This alliance of manufacturers, wholesalers and retailers under the World Gold Council's media banner has benefited the entire jewellery industry and its best customers.

The jewellery retailing market in US is similar to India to a great extent, particularly in terms of maximum jewellery sales taking place only through jewellery stores. However, the significant difference lies in the fact that while supermarkets and department stores are extensively used for retailing jewellery in the US, this fever is yet to catch on in India.

**Knowledge pays**

To keep their jewellery inventory current, the one important rule that retailers need to follow is to know their market and learn everything they can about their customers. This means that if their clients are mostly young teens, they need to monitor the trends prevalent for teenagers. There are resources available online and a search engine is usually an easy way for retailers to know the latest in fashion for their target audience.

One of the most important issues that any jewellery store deals with is how the store is designed, with the primary concerns being security and ambience.

Because jewellery stores carry many valuable items, it seems logical that security is an utmost priority. The inclusion of cameras and guards does well to hinder theft. An alarm for all cases is an easy way to prevent

theft; so is placing the most valuable pieces of jewellery in a visible place so employees can keep an eye on them. A comprehensive insurance package greatly saves the jewellery retailer from the trauma of an unfortunate occurrence.

**'Sense'ible sale**

Ambience is a great way to sell a store and its products. Some experts suggest that a combination of the five senses allows a person to enjoy the experience of buying jewellery. When a store is considering colour, it should ideally go for muted tones, with blues, greens, and reds accentuating gemstones.

The use of natural light, which enhances the customer's view of jewellery and induces a feeling of comfort, is also an important aspect of store design.

## Urban consumers are shifting preferences from heavy gold jewellery to trendier ornaments, replacing chunky sets with several light ones

Sound is yet another way of making the customer's experience enjoyable and hence, experts suggest hidden speakers with soft jazz or light classical music, a selection that most customers are likely to find relaxing.

The scent of a store can make or break a sale. While scent alone does not guarantee a sale, it does prevent the customer from leaving immediately. Touch is a difficult one to tackle, but if a store has velvet pads for display and the cases are clean and attractive, the customer's experience is enhanced.

**Variety sells**

Low asset turnover is expected in jewellery retailing as jewellery is typically durable, expensive, and infrequently purchased by most consumers. Jewellery is a differentiated product where the typical buyer cannot easily assess the quality of the item being purchased, and hence, differentiation among jewellery retailers falls into intangibles like service, quality, and reputation.

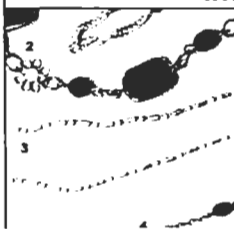
A single jewellery store may carry over 150 different styles of watches and the customer chooses a single watch from the entire selection, making it inevitable for stores to maintain a large inventory to support sales.

**Internet gems**

The whole idea behind a jewellery website is to generate



## IMITATION GAINS



India remains unparalleled in the retail of imitation jewellery, which is a cheaper option for customers who cannot afford high-priced, genuine jewellery. This is especially popular in rural areas

interest for a particular item and, maybe, even prompt a sale. Jewellery sites need to have a descriptive, visually defining website showcasing their product efficiently. Images of products take long to load, and long load times are detrimental to sales. To be an effective online jewellery store, it is a must that images and photos be included. Whether a site is conducive to sales or not will depend on how well it incorporates both an effective description and the efficiency with which the site can be viewed.

An ideal website provides a balance of these usability aspects. Jewellery sites need to be self-explanatory. A jewellery website would also do well to feature an online catalogue with a description and image of each of its designs.

A basic design is to utilise product level pages, which include a top-level product page and a bottom-level product page. A top-level product page is a web page that has a list of a number of similar products. An example would be a list of platinum rings in a jewellery store. The basic design of this page would include a small image of each product with the product name and brief description alongside.

A bottom level product page would include an in-depth description of the product, several images of the product taken at different angles, and links to larger,

manpower and technology, and is capable of offering all this jewellery, manufactured in modern factories. In addition, the huge population of our country makes India a great destination for jewellery retail.

Fort Group, a Kolkata-based real estate promoter and developer, plans to set up a jewellery mall, 'Fort Knox' in Kolkata, to tap the sprawling gems and jewellery market. The Rs 20 crore project, which is the first of its kind in eastern India, will house reputed national and international brands along with non-branded jewellery. It is proposed to be a nine-storied mall accommodating 37 shops and 40 offices for leading jewellers and is expected to be complete by September 2004.

Aerens Gold Souk International plans to set up 10 jewellery malls across the country to retail an entire range of jewellery in gold, silver, platinum, diamonds, semi-precious stones, watches and lifestyle accessories. The first such mall is expected to be functional by September 2004 at Gurgaon near Delhi. The Souk in Gurgaon will cater to Delhi and 20 cities nearby including Jaipur, Jalandhar, Ludhiana and Chandigarh. The second such store is likely to come up in Mumbai.

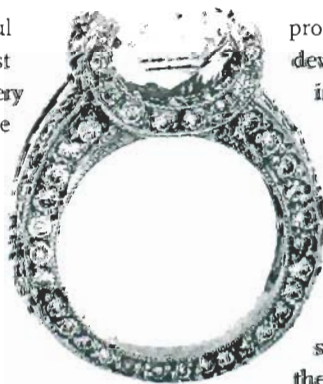
An increasing disposable income, awareness of fashion, access to information and availability of options in jewellery has made jewellery retailing a very lucrative prospect for retail development. In the Indian context, rural areas have a unique affinity towards imitation jewellery. Imitation jewellery has assumed large proportions and has stimulated the development of local stores into exclusive imitation jewellery shops.

These retail outlets in semi-urban areas have been catering to the aspirations of many consumers who cannot afford to buy luxurious jewellery. This is a unique trend that is unparalleled by the West in the context of jewellery retailing. Thus, India seems to be developing models specific to its own audience and lifestyle, and there's room for more jewellery brands. ♦

## Many companies now offer fragrances to be introduced into jewellery stores as they realise that the scent of a store can make or break a sale

more detailed, images. For a successful online jewellery web site, this is almost mandatory, the logic being that jewellery sites sell expensive products, which are bought because of their looks.

Simply providing the prospective customer with a single, medium-sized photograph of the product will, more often than not, fail to lead to a purchase.



### Sparkling future

Italy's strength is plain gold jewellery, Thailand's is gemstone jewellery and China and Hong Kong lead in diamond jewellery. India, however, has an edge over these international competitors in terms of skilled

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