



MARKETING STRATEGY OF GEM AND JEWELLERY RETAIL FOR EXPORT TO USA AND OTHER COUNTY

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ABSTRACT: Indian jewellery is unique in its design and workmanship. India and jewellery, jewellery and Indian women – terms are linked inherently. The art of making beautiful ornaments, with delicacy and acumen, has been developed throughout historical times. Jewellery is made for almost all the parts of the body and it is also designed to match with the attire. To make jewellery more attractive, it is topped by diamonds and various types of gems. Indian jewellery inspires passion unlike any other object of desire. Every woman in India loves to wear at least a small piece of gold jewellery either in the form of glittering neckwear ornament, or dangling earrings or exquisitely crafted bangles. Even men wear simple gold ornaments like rings, bracelets and chains. Thus, we can say that everyone has been moved by the beauty of gold jewellery and it has become a part of our culture and tradition.

The Indian gems and jewellery sector are one of the largest in the world contributing around 29 percent of the global jewellery consumption. India is the most preferred country in terms of gems and jewellery export. USA, Europe, Japan, and China are India's top export destinations, US accounts for nearly one-fourth of the country's total gems and jewellery export. This paper discusses the status of the exports of Indian gems and jewellery industry and attempts to identify the problems faced by exporters and analysing based on available literature and data to come up with some valuable suggestions to overcome the hurdles.

Keywords: - Marketing Strategy,Export,GEM and Jewellery,Retail

1. INTRODUCTION

With increase in the needs of customers around the world and availability of fewer resources in some locations, the point of equilibrium could not be met using the local production. To this very reason and others, people started outsourcing the deficit from other countries. Importation of the goods and services were done to cover the gap, and the suppliers on the other end were then



considered to be exporters. This started by the exchange of goods in ancient history (barter trade) up to when the medium of exchange was put in place. Nowadays the impact of technology in export business has accelerated tremendously the size of the export transactions.

Today most countries with adjustment of foreign trade limitations encourage imports and foreign activities. And on the other hand, they made export development as their growth strategy. These policies and procedures have facilitated the entry into foreign markets. But markets penetrate and marketing activities has become harder than before due to intense competition among companies. It has created challenges for marketers.

Marketing strategy is a means by which firms respond to competitive market conditions. The purpose of developing an export market strategy is to overcome a perceived barrier to exporting and attempt to optimize some objective function.

The importance of marketing strategy to achieve organizational profits has been proven in determining the company performance effectively. Many industries have formulated aggressive strategies by implementing creative strategies on their products or services in order to increase organizational profits and sustainable competitive advantage. Global competition has put great pressure on export-based companies to set new and effective strategies in order to compete in the world market. However, some of the strategies implemented are not as successful as expected. Therefore, the need to focus on export marketing strategy on export performance in a single industry would give better understanding, whilst adding new insights into international marketing literature.

2. EXPORT MARKETING STRATEGY

Export marketing means exporting goods to other countries of the world. It involves lengthy procedure and formalities. In export marketing, goods are sent abroad as per the procedures framed by the exporting country as well as by the importing country. Export marketing is more complicated to domestic marketing due to international restrictions, global competition, lengthy procedures and formalities and so on. Moreover, when a business crossed the borders of a nation, it becomes infinitely more complex. Along with this, export marketing offers ample opportunities for earning huge profits and valuable foreign exchange. Traditionally, marketing



strategy has been decomposed into the four elements of the marketing mix, i.e. product, pricing, place and promotion.

3. Marketing Strategies for Jewellery Retail

Gems and jewellery are being used by the Indians since ages for both its aesthetic as well as investment purposes. India has the distinction of being one of the first countries to introduce diamonds to the world. The country was also one of the first countries to mine, cut & polish, and trade in diamonds.

The gems and jewellery industry may be categorized broadly into:

- Gemstones: Diamonds, coloured stones - precious, semi-precious and synthetic stones;
- Jewellery – plain gold, studded, silver, costume jewellery; and
- Pearls

The two major segments of the industry are gold jewellery (covers around 80% of the jewellery market) and diamonds. India is one of the world's largest manufacturers of cut and polished diamond with an aggregate contribution of approx. 60% of the world's supply in terms of value and 80% in terms of volume. The industry contributes more than 17% towards the total export in India and provides employment to 1.5 million people directly and indirectly. The global market for gems and jewellery is over USD 100 billion with major contribution coming from India, Italy, China, Thailand and USA

This industry has been one of the fastest-growing sectors in India in the past few years. The industry has gained global popularity because of its talented craftsmen, its superior practices in cutting and polishing fine diamonds and precious stones, and its cost-efficiencies. The industry has been vital to the Indian economy as well; during 2012-13, the sector accounted for around 17% of the country's total exports.

The gems and jewellery sector in India are highly export-oriented, labour intensive and a major contributor to the foreign exchange earnings; therefore, the Indian government has declared the sector as a thrust area for export promotion.



4. India Gems and Jewellery Exports

The global market for Gems and Jewellery today is over USD100 billion with jewellery manufacturing dominated by a handful of countries like India, Italy, China, Thailand and the USA.

Exports of gold jewellery from India stood at US\$ 441.4 million while the total gems and jewellery exports amounted to US\$ 2.49 billion in July 2013, the GJEPC reported. Silver jewellery exports increased by 184 per cent to US\$ 109.69 million. Gems and Jewellery accounted for 17 per cent of the total exports from India in 2012-13.

Table 1 Export of Gems and Jewellery

| Year | Export of Gems & Jewellery (USD Billion) | % Share of Gems & Jewellery in India's total Export | Gold (USD Billion) | Diamond (USD Billion) |
|---------|--|---|--------------------|-----------------------|
| 2008-09 | 24.49 | 15.36% | 8.61 | 14.80 |
| 2009-10 | 28.41 | 16.34% | 9.42 | 17.54 |
| 2010-11 | 42.99 | 17.40% | 12.88 | 28.25 |
| 2011-12 | 42.83 | 15.45% | 16.78 | 23.31 |
| 2012-13 | 39.03 | 14.57% | 18.28 | 17.41 |

*Source: Gems and Jewellery Export Promotion Council

The India's export of gems & jewellery industry had been consistently growing till 2010-11; which was driven by increase in domestic demand as well as increase in the prices. However, it has moderated in the last two years i.e. 2011-2012 and 2012-2013 due to economic uncertainty, government regulations and fluctuation in the exchange rate.

5. Review of Literature

Marandu Edward, (2009) compared in his study "Strategy factors associated with the export performance of manufacturing firms" the export structure of high-performance exporter firms from low performance exporter firms export structure in Tanzania. According to researcher the export performance that the firm achieves is associated with certain structural characteristics of



firms, the, administrative structure, ownership structure, firm demographics and management demographics.

Kolachi Ali Nadir, Batavia Rahim Abdul (2012), analysed in their study “Impact of export marketing strategies on organizational performance: evidences from Pakistani textile sector” the role of export marketing strategies in export performance for the Pakistani textile sector. Marketing mix elements are used to study the export performance. Study reveals that, out of the four marketing mix elements, pricing adaptation is the most common tool frequently adopted by textile companies of Pakistan in order to enhance their export followed by product adaptation. But not much focus is given on promotion and distribution

Ogunmokun O Gabriel, Li, Ling-ye (2012), identified in their study “The effect of manufacturing flexibility on export performance in China” that there is significant difference between successful and unsuccessful export ventures with respect to the firm’s flexibility in adapting their manufacturing in the area of physical distribution to the environment. The major implication of the findings of this study is that organizations that are not flexible in their manufacturing may be hindering the performance of their export ventures that is necessary for sustaining the survival of their operations.

Rawal, K. R. (2015) in their research, “A study of consumer buying behaviour for purchasing of diamond Jewellery from branded retailers” determined the factors influencing consumer buying behaviour to select branded Jewellery product from branded outlets. This study helps to get an idea about the customer’s expectation, perception and attitudes of consumer towards branded Jewellery.

Ramachandran, K. K. & Karthick, K. K. (2014) in their paper, “A study on the perception of customers towards branded jewellery” found that branded Jewellery products have formed a sort of revolution in the field of Jewellery market. The main attraction of branded Jewellery is that it has a unique style of their own that differentiates them from un-branded Jewellery.

Asha, K. & Christopher, S. E. (2014) in their research, “A study on buying behaviour of customers towards branded and non-branded gold Jewellery with reference to Kanyakumari



district” found that most of the people buy gold Jewellery for the marriages in their family, wedding ceremony, anniversaries, baby birth, birthdays, festivals, financial gain.

Peyman Najmeh, Karimi Ozhan and Danaee Habibollah (2013), investigated in their study “Investigating the influence of firm characteristics on export marketing strategies and export performance” the relationships among firm characteristics, export marketing strategies as well as export performance on the export of medical disposable products in Malaysia. This study indicates that among investigated factors, market knowledge and research, commitment, international experience, and innovation affect marketing strategies and the choice of standardization or adaptation

Paulino, U. A.(2008) in their study, “Customer perception towards branded Jewellery in India” investigated that the consumers buying behaviour also shows a shift from content to design in Jewellery i.e. fashionable Jewellery.

Raju, K. V. & Kumar, D. P.(2013) in their work, “A study on consumer preference on branded Jewellery in Hyderabad” found that the guiding factor behind buying Jewellery is price, purity, design, variety, the brand image; influence of family and friends. **Walia, K. et al. (2013)** in their study, “Customer perception regarding branded Jewellery” investigated that consumer is becoming aware to branded Jewellery and there are more than 50 brands in the market. The behaviours of the consumer show a shift from content to design in Jewellery i.e. fashionable Jewellery. The factors as status, quality, certification of gold, buy back schemes and zero instalment schemes which inspire the consumer to buy branded Jewellery.

6. Significance of the study

There have been several valuable studies done in various fields and regions of International Marketing Strategy as mentioned. However, none of these studies have concentrated on Gems and Jewellery Export Industry Marketing strategy. A useful approach in this field is to understand the performance differences between exporters, i.e. why are some firms more successful than the others in their export operations. Is it because of different strategies or managerial attitudes?



Researcher wishes to analyse relationship between firm characteristics, export marketing strategy and performance of Gems and Jewellery sector in India. The study is significant in a manner that very few attempts are made so far to estimate export marketing strategy for the case of India’s Gems and Jewellery industry

Researcher is taking Gems & Jewellery industry, as it constitutes nearly 17% of India's export in 2012-13. India is even considered to be the hub and one of the most competitive jewellery markets in the world owing to its lower costs of production and availability of highly skilled labour. The study will help in identifying the significant factors affecting export performance in the Gems & Jewellery industry of India.

7. Objectives of Study

- To identify factors affecting marketing strategies of Gems and Jewellery firm
- To determine the relationship between firm characteristics and export marketing strategies
- To analyse the impact of export marketing strategies on export performance
- To identify the problems faced by export firms
- To identify appropriate marketing strategies for gems and jewellery industry

8. Results and Discussion

India Gem and Jewellery market



| Year | Value in US \$ in Million | Growth percentage |
|---------|---------------------------|-------------------|
| 2007-08 | 249.44 | -8.56 |
| 2008-09 | 226.34 | -9.26 |



| | | |
|---------|--------|------|
| 2009-10 | 241.42 | 6.66 |
| 2010-11 | 257.19 | 6.53 |
| 2011-12 | 268.02 | 4.21 |
| 2012-13 | 290.07 | 8.22 |
| 2013-14 | 289.80 | 6.58 |

9. CONCLUSION

The gems and jewellery products export fetch several crores of foreign currency to our country and provides an employment opportunity to our people. The production of the gems and jewellery products must be increased to increase the exports into global level. So, our gems and jewellery products can hike their share into global level in future. By, improving the exports of the gems and jewellery products, it will yield the benefit to improve our economy. Based on the above study we can find that all the aspects related to this Gem & Jewellery product show a growth steadily.

It is sure that in future the Gems and jewellery board will have growth rate and can able to come in front this field as a leading. If Gems and jewellery board follows the strategy and policy suitable to its environment it can be able to secure a significant portion of the world market. The growth of exporter lies in the technical advancements, and maintenance of good will to beat the competitions, which is extruding now as well as in the future.

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