

## RESEARCH STUDY ON FACTORS AFFECTING PURCHASE OF GOLD, SILVER OR DIAMOND JEWELLERY ONLINE

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**Received: 05 Apr 2019**

**Accepted: 11 Apr 2019**

**Published: 24 Apr 2019**

### ABSTRACT

*This research study seeks to find the factors that affect the purchase of jewellery online. The study tries to explore the dependency of purchasing jewellery online on age, gender, education level, and income level. It also tries to find out the preference of customers with respect to the online or offline purchase of jewellery and the reasons for their choice. The main purpose of this study is to highlight the current trend in online purchase of jewellery and the reasons or factors leading to this trend.*

**KEYWORDS:** *Jewellery, Preference, Authenticity, Trust, Quality*

### INTRODUCTION

India is considered as one of the major global jewellery markets because of its low costs and availability of high-skilled labour. It has several cutting and polishing centres for diamonds which are well supported by government policies. Also, India is widely known to have the largest culture of jewellery since centuries, more than anywhere else in the world. This jewellery (gold and precious stones) are deeply rooted in India's tradition that date as far back as to the start of the Indian civilization. Many families use jewellery as a form of financial security as well, in addition to being used for various occasions. While most of the people prefer buying from offline stores, there has been an increase in the number of online platforms for selling of jewellery which is being seen as a new option for people seeking convenience and variety.

As per the statistics from the Gems and Jewellery Export Promotion Council (GJEPC), India exports 95% of the world's diamonds, and contributes to around 6-7% of the country's GDP. UAE, US, Russia, Singapore, Hong Kong, Latin America and China are the biggest importers of Indian jewellery. The industry contributed \$39.9 billion in terms of foreign exchange earnings in FY 2014-15 to the economy and made the Gem and Jewellery industry the second largest exporter after petrochemicals in India.

In olden days, buying gold traditionally meant a trip to the trusted family jeweller. But gradually the times are changing as is evident with the booming e-commerce market, which is starting to challenge all conventional mediums. This growth of the offline market, along with the growth in the global jewellery market has resulted in the rise of trade of jewellery through the online medium as well. While the online jewellery market currently accounts a small percentage of the total figures, it is growing gradually and is estimated to capture 10% – 20% of the market by 2020. Some of the driving factors that have caused this growth include the changing lifestyles, growing disposable income and the outlook and buying patterns of the consumers.

Indian consumers are now looking for greater transparency, better service and a more convincing value proposition keeping in mind the brand and market trends, and are ready to pay for it. These consumers are becoming more and more comfortable shopping online, thus adding on to the growth of the online jewellery market.

Some of the major branded jewellery players in the market are Gitanjali Gems, Rajesh Exports, Suhashish Diamonds, Su-Raj Diamonds, and Tanishq. These players are working towards strengthening their manufacturing process, increasing retail operations, conducting brand building exercises and entering into the international markets. Brands like Tanishq are said to be growing at a steady 4% market share. Despite this, the jewellers that succeed in the Indian market are the local jewellers who have built relationships based on trust with the consumers over a long period of time.

The online segment is also seeing the entry of many new players with unique business models. One such being – Cult Curators. It is an online platform that showcases global jewellery designers, and helps people to find unique approaches to design new materials used in jewellery. Also, there are new companies like LaElegante and Eristona that aim at providing affordable jewellery to the masses. But, unlike the rest of their competitors, these newly born companies Velvet Case and Wear Your Shine, run marketplaces to help offline retailers sell online.

## REVIEW OF LITERATURE

Due to technological innovations and increasing usage of online platforms for the purchase of products, the traditional way of shopping has become insufficient for individuals. Individuals now prefer easy ways to reach brands and stores. As a result, it has given marketers a whole new way to create value for customers and build relationships with them (Kotler and Armstrong, 2012; 532). The Gems and Jewellery sector have been playing a very important role in the Indian economy and has been contributing to 6% to 7% of the country's GDP, apart from large scale employment generations and foreign exchange earnings. But, the value created by the Gems and Jewellery sector is as high as the apparel sector and much higher than many other sectors in India. The steps taken by the Indian Government to liberate Indian Gems and Jewellery sector in the 90's, is one of the important reason for the increased contribution in exports by this sector. The liberalization has also resulted in a shift from the unorganized to a more organised set of players which has resulted in greater transparency and adoption of higher quality and design standards. In addition to boasting a large online gem and jewellery market, India also has a high demand and supply for jewellery.

## RESEARCH DESIGN

### Need for the Study / Statement of the Research Problem

The gems and jewellery industry occupies an important position in the Indian economy and is one of the fastest growing industries in the country. Hence the research conducted would help us :

- To know the consumer preference towards online shopping of jewellery
- To find the factors which affect these consumer preferences
- To understand the current market trend in online jewellery shopping and recommend ideas to grow further

**Objectives**

The main objectives of this study are as follows:

- To determine the preference of people while buying jewellery, whether online or offline
- To understand the factors affecting the customer's buying behaviour

**Scope**

The scope of this study includes people from various families from different parts of the country to determine their buying behaviour.

**Limitations**

- As time was limited, people could be contacted only through an online questionnaire.
- The people contacted for inputs were those who could be reached in an easier way.

**Data Sources and Tools****Primary data**

The data for this research project was collected through an online questionnaire. Google Forms were used for getting inputs from various people in the form of a research questionnaire.

**Secondary data**

The information about 'Industry Overview' and 'Review of Literature' were referred from online sources.

**Sampling**

- Since it is not possible to study the whole population of India, only 101 consumers were interviewed from all age groups, income levels and education levels all across India.
- The sampling technique used was convenience sampling, i.e., whoever was ready to provide inputs from our contacts and in turn their contacts were considered for this study.

**Plan of Data Analysis-Tools Used**

The tools used were:

- For collecting data : Online Google forms
- For analysing data : MS-Excel, SPSS and Minitab

**Research Methodology**

- The data for this research project was collected through an online questionnaire. A structured questionnaire was framed as it is less time consuming, generates specific and to the point information and is easy to interpret.
- The responses gathered were analysed by performing various tests on different categorical and continuous variables to find a relationship.

## RESULTS AND INFERENCES

- According to the survey conducted, the major concern for the majority (74) of the people while buying jewellery online is the assurance of quality. The people are not convinced that the quality of the product which will be delivered to them will be good enough for the amount they are spending on it.
- It was observed that, a majority (36) of those who prefer buying jewellery online, do so because of the variety of design options available to them. They are attracted towards the diverse, new and creative range of designs presented online, as compared to fewer options present in offline stores.
- It was also observed that, a majority (67) of the people who prefer buying offline, do so because of the authenticity of the quality of the jewellery which can clearly be seen and felt, as compared to online shopping for which they are unable or unwilling to trust the purity and authenticity of the material.
- Even though the trend for purchasing products online is increasing at a high rate, in case of prestige or luxury goods people are still hesitant to spend money without first gaining trust and getting assured that the expensive product will be value for money.
- Statistical tests were conducted to measure the impact of some of the variables on the buying behaviour of people. The results and inferences for these tests are as follows :

### Chi-Square Test for Finding the Impact of Age on preference to Buy Online

- **Alternative Hypothesis:** There is a significant relationship between the age of the buyers and their buying preference for online jewellery.
- **Result:** Since we get a p-value of 8.049 which is greater than 0.05, there is a very weak relationship between the age of the buyers and their buying preference for online jewellery. Hence, we reject the Alternate Hypothesis.
- **Inference:** The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their age.

### Chi-Square Test for Finding the Impact of Gender of the Buyer on People's Preference to Buy Jewellery Online

- **Alternative Hypothesis:** There is a significant relationship between the gender of the buyers and their buying preference for online jewellery.
- **Result:** Since we get a p-value of 0.168 which is greater than 0.05, there is a very weak relationship between the gender of the buyers and their buying preference for online jewellery. Hence, we reject the Alternate Hypothesis.
- **Inference:** The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their gender.

### Chi-Square Test for Finding the Impact of Income of the Buyer on People's Preference to Buy Jewellery Online

- **Alternative Hypothesis:** There is a significant relationship between the annual income of the buyers and their buying preference for online jewellery.

- **Result:** Since we get a p-value of 0.594 which is greater than 0.05, there is a very weak relationship between the annual income of the buyers and their buying preference for online jewellery. Hence, we reject the Alternate Hypothesis.
- **Inference:** The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their income. The people with low income also may want to buy jewellery and people with high income may also prefer not to buy jewellery, thus showing that this factor does not affect their buying preference.

#### **Chi-Square test for Finding the Impact of Education Level of the Buyer on People's Preference to buy Jewellery Online**

- **Alternative Hypothesis:** There is no significant relationship between the level of education of the buyers and their buying preference for online jewellery.
- **Result:** Since we get a p-value of 3.761 which is greater than 0.05, there is a very weak relationship between the education level of the buyers and their buying preference for online jewellery. Hence, we accept the Alternative Hypothesis.
- **Inference:** The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their education level. It may seem that highly educated people are more open towards the use of online mode even for an expensive or luxury product, but this is not the case. Their choice is independent of this factor, as they are mainly concerned about other factors such as the quality of the product, be it online or offline.

#### **Chi-Square Test for Finding the Relationship between the Frequency of Purchasing Jewellery and People's Preference to buy Jewellery Online**

- **Alternative Hypothesis:** There is no significant relationship between the frequency of purchasing jewellery online and their buying preference for online jewellery.
- **Result:** Since we get a p-value of 0.562 which is greater than 0.05, there is a very weak relationship between the frequency of buyers of purchasing jewellery and their buying preference for online jewellery. Hence, we accept the Alternate Hypothesis.
- **Inference:** The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of the number of times they purchase jewellery in a year.

#### **Correlation test to Find the Relationship between People's Preference to buy Online and their Recommending Others to Buy Online**

- **Alternate Hypothesis :** There is no relationship between people's preference to buy online and their recommending others to buy online

- **Result:** As the correlation coefficient is 0.318 (positive), there is a positive relationship between people's preference to buy online and their recommending others to buy online. Also, as the p-value is 0.001, which is lesser than 0.05, there is significant evidence that a positive correlation exists between the two factors. Hence,
- **Inference:** The people who buy jewellery online are more likely to recommend others to do the same due to their good shopping experience. This shows that once people start buying online, they are more likely to recommend others to buy online and can help in resolving all their concerns, thus increasing the usage of online mode for purchasing jewellery.

#### **One-way Anova Test Between Frequency of Buying Jewellery and their Satisfaction Level with Respect to the Quality of Jewellery Delivered (one of the Major Factors of Satisfaction after the Purchase of Jewellery Online)**

- **Alternative Hypothesis:** There is no significant relationship between the frequency of purchasing jewellery by the buyers and their satisfaction with respect to the quality of jewellery delivered.
- **Result:** Since we get a p-value of 0.155 which is greater than 0.05, there is a very weak relationship between frequency of purchasing jewellery by the buyers and their satisfaction with respect to the quality of jewellery delivered. Hence, we accept the Alternate Hypothesis.
- **Inference:** The number of times people purchase online does not depend on their satisfaction level with respect to the quality of the jewellery delivered earlier. Instead, they purchase according to their needs as and when they require the product for their usage.

#### **One-Way Anova Test Between the Income of the Buyer and their Satisfaction Level with Respect to the Quality of Jewellery Delivered (one of the Major Factors of Satisfaction after the Purchase of Jewellery Online)**

- **Alternative Hypothesis:** There is a significant relationship between the income of the buyer and their satisfaction level with respect to the quality of jewellery delivered.
- **Result:** Since we get a p-value of 0.008 which is lesser than 0.05, there is a strong relationship between frequency of purchasing jewellery by the buyers and their satisfaction with respect to the quality of jewellery delivered. Hence, we accept the Alternate Hypothesis.
- **Inference:** The people with higher annual income are willing to spend more on luxury products (jewellery) and hence are satisfied with the quality of the products delivered. While purchasing the products, they might not be much concerned about the price and focus more on the quality, resulting in higher satisfaction after they receive the product (as they give more thought to the quality aspect of the product) as compared to people with relatively lower income, who might settle for a lower quality product due to the high prices of the jewellery.

#### **SUMMARY OF FINDINGS**

- According to the survey conducted, the major concern for the majority (74) of the people while buying jewellery online is the assurance of quality.
- It was observed that, a majority (36) of those who prefer buying jewellery online do so because of the variety of design options available to them.

- It was also observed that, a majority (67) of the people who prefer buying offline do so because of the authenticity of the quality of the jewellery which can clearly be seen and felt.
- Even though the trend for purchasing products online is increasing at a high rate, in case of prestige or luxury goods people are still hesitant to spend money without first gaining trust and getting assured that the expensive product will be value for money.
- The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their age.
- The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their gender.
- The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their income.
- The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of their education level.
- The choice of buying jewellery online or offline varies as per the perceptions or experiences people have based on some factors, irrespective of the number of times they purchase jewellery in a year.
- The people who buy jewellery online are more likely to recommend others to do the same due to their good shopping experience.
- The number of times people purchase online does not depend on their satisfaction level with respect to the quality of the jewellery delivered earlier. Instead, they purchase according to their needs as and when they require the product for their usage.
- The people with higher annual income are willing to spend more on luxury products (jewellery) and hence are satisfied with the quality of the products delivered.

## CONCLUSIONS

After conducting this research, we came across various factors which determine the preferences of people buying jewellery whether online or offline. But we came to determine one thing for certain and that is most of the people do not prefer to buy jewellery online as buying jewellery such as Gold, Diamond or Silver is an investment in itself and there is a huge lack of trust among people regarding online websites when it comes to buying such expensive jewellery, for which the authenticity issue becomes one of the major factors of concern.

## SUGGESTIONS

- People need to become more and more aware of the facilities of jewellery shopping online.
- We need to educate them the pros and cons of online jewellery shopping so that all their fears and misconceptions can get clarified and they can have an easy and comfortable shopping experience.

- The online sellers should take certain actions to promote their style of selling jewellery online and also to develop a trust regarding the authenticity of their products.

## ACKNOWLEDGEMENT

We acknowledge the contribution of all the respondents who were ready to express their views on the purchasing pattern for online jewellery. We are also thankful to our guide Dr. Meena Rani Mam for mentoring us during the period of our study.

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## APPENDIX

### Questionnaire to analyse the factors affecting the purchase of gold/silver/diamond jewellery online

This form gathers inputs to assess the buying pattern of consumers for the purchase of Gold, Silver or Diamond Jewellery through online mode. Please fill the form.

\* Required

1. Enter your name : \*

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2. What is your age? \*

Mark only one oval.

- Below 18 years  
 18 to 35 years  
 Above 35 years

3. Gender? \*

Mark only one oval.

- Male  
 Female  
 Other

4. What is your annual income (for the employed customers) or your family's annual income (for non-working customers)? \*

Mark only one oval.

- 4 Lakhs or Less than 4 Lakhs  
 Between 5 Lakhs to 10 Lakhs  
 Between 10 Lakhs to 20 Lakhs  
 Above 20 Lakhs

5. What is your highest level of education? \*

Mark only one oval.

- Under Graduate (UG)  
 Graduate  
 Post Graduate (PG)  
 Working professional  
 Other



6. What is your frequency of buying jewellery in a year? \*

Mark only one oval.

- Rarely (once or twice)  
 Quite often (more than thrice)  
 Not fixed (depends on frequency of occasions)

7. What are the aspects which you consider before purchasing a jewellery? \*

Check all that apply:

- Quality of material  
 Design  
 Price and discount offers  
 Insurance  
 Brand

8. If given an option to purchase jewellery online, what will be your major concerns? \*

Check all that apply:

- Assurance of quality  
 Colour and design authenticity  
 Guarantee  
 Brand reliability  
 Other

9. Would you prefer purchasing online or through offline stores? \*

Mark only one oval.

- Online  
 Through stores

10. If online, what are the factors you considered for preferring this mode?

Check all that apply:

- Ease of ordering  
 Variety of design options  
 Various offers provided  
 Convenience/flexibility of shopping anytime  
 Other

11. If offline, what are the factors you considered for preferring this mode?

Check all that apply:

- Authenticity of the quality  
 Clarity of design  
 Ease of trial  
 Services provided  
 Other

12. Have you purchased any jewellery online till date? \*

Mark only one oval.

- Yes  
 No

13. If yes, answer the following (1 being the lowest and 5 being the highest rating):

Mark only one oval per row.

	1	2	3	4	5
Quality and authenticity of jewellery delivered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variety of designs available online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discounts and offers provided	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. Would you recommend others to purchase jewellery online? \*

Mark only one oval.

- Yes  
 No  
 Maybe  
 Can't say (Little idea about online jewellery shopping)