

One-Gram-Gold Jewellery Anticipates High Bridal Market Growth

While most of the Indian gold jewellery industry is keeping a worried eye on the fluctuating but seemingly ever-increasing price of gold, which many think might go through the roof over the all-important Diwali festival period and squelch the single highest jewellery sales period of the year, one segment isn't all that worried. The so-called one-gram-gold jewellery, which actually comprises product manufactured from copper, silver or bronze and plated with between 50 milligrams and 4 grams of gold, depends more on style and design for its sales and is thus only marginally affected by high gold prices, reports **Shanoo Bijlani**.

The global economic downturn was the single biggest concern for most industries around the world. In the United States, which consumes half of the world's jewellery, the jewellery retail industry has been keeping a worried eye on the economic indicators that dictate whether consumers will spend their discretionary income or not. In India, which hasn't suffered a real recession and is now showing signs of robust growth, the jewellery retail industry is still worried. Here, the intrinsic value of their product matters a lot to the consumer and so the gold jewellery industry has had to contend with an additional factor it has no control over – the price of gold. Extremely volatile and now having breached the psychological Rs.16,000 per 10 grams mark, the price of the yellow metal is thought by many jewellery manufacturers and retailers to be the key factor in deciding whether this year's festival season will go well or not in terms of sales.

But one segment of the jewellery industry isn't all that concerned. The one-gram-gold jewellery industry has, in fact, done very well out of the volatility and high prices of gold. With a product that is as beautifully designed and crafted, and looks every bit as good as the far more expensive solid gold jewellery, this segment has had no problems with the high and volatile price of gold as intrinsic value is not a determining factor for the consumer.

The segment started out catering to the consumer who couldn't afford fine jewellery for a variety of occasions. Now, however, with high design inputs and vastly improved quality standards, it serves even those who patronise the fine jewellery segment and the high and volatile price of gold plays a major role in determining the amount of custom it receives from even the uppermost consumer band. Importantly, this segment has proven to be an oasis of work for artisans who



have been thrown out of work by high gold prices and an uncertain economic environment.

The one-gram-gold jewellery segment has a number of considerations to take into account when trying to determine whether this festival season will go well for it. The price of gold, is only a small consideration.

Weddings Drive Sales

Krunal Janani, of Glory Jewellery, which markets branded one-gram-gold jewellery under the *Goldie* name, observes, “Indians buy more for the wedding season and not so much for Diwali. Nearly 30 per cent of our total sales are driven by weddings. This year, our company’s expectations are high because the price of gold is shooting through the roof. Business has been very good for us as we have opened 17 franchise-operated stores in Rajasthan this year.” The firm is expecting its business to grow by 30 per cent in terms of value.

Mukesh Jain of Chintamani Jewellers in Mumbai, says that both Diwali and wedding sales put together make up about 50 per cent of their total sales. “The price of gold is high and naturally demand for one gram gold will increase.”

Sanjay Chhajer, proprietor of Mangalmani in Mumbai, expects a 30 per cent growth in terms of value this season. Chhajjer has four retail stores – one in Mumbai and three in Hyderabad. “Wedding sales outpace Diwali sales,” he affirms.

Top of the charts

The most popular price points of one gram gold jewellery range between Rs.500 (\$10) and Rs.3,000 (\$65). Nalin Vasa, proprietor of Lotus jewellery, Rajkot, says that necklace sets

are the fastest moving items this season unlike other days when regular items like pendant sets, *mangalsutras*, anklets and rings move well. Vasa has two huge showrooms in Rajkot and Mumbai, where over 2,500 designs are displayed at any given time.

The one-gram-gold segment has also expanded into the diamond- and gem-set varieties with other materials sometimes replacing stones to help keep unit prices down. Vasa notes, “Studded jewellery now has new competition. In our segment, we use either natural stones or flat pieces of plastic, fibre and glass that are cut into shapes like rounds, ovals and hearts and then glued on. This brings down the cost of manufacture drastically.” He goes on to say, however, “Diamond studded jewellery is in vogue now,” and adds that *polki* cuts have been very popular since last year.

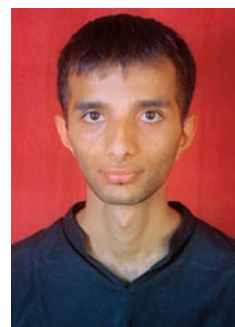
Vasa’s firm makes gold-formed-, gold plated- and ‘antique’ micro-gold-plated fashion jewellery among a variety of products. It also offers combinations of plating in silver, rhodium, platinum, copper, pink gold and palladium. Vasa says that consumer buying power is still strong in the south, where surprisingly, *kundan* and pearls are getting increasingly popular.

Janani of Glory says that plated plain gold jewellery, which resembles fine gold jewellery is much sought after in rural markets, while Jain of Chintamani says that *kundan* and meenakari jewellery are hot sellers. Sea green, maroon, and pink stones in studded jewellery are hugely popular.

Chhajjer of Mangalmani observes, “Earlier, high-end customers didn’t touch one-gram jewellery. But today they come to us in droves. The reason is we offer quality and superior designs. We employ some of the best *karigars*



Lotus Jewellery



Krunal Janani



Sanjay Chhajer



Mangalmani Jewellers

who have been recently forced out of the fine jewellery business because of a lack of work. Our segment has a much higher volume of work and these artisans find they have steady employment. The great thing is that these artisans bring in their fine jewellery skills into the segment and it improves the product tremendously. For example, those who used to work on fine, antique-style gold jewellery, bring the same kind of finesse to the one-gram product. This migration has worked to our advantage.”

It isn't the Indian domestic market alone that now patronises the one-gram-gold segment. Lotus Jewellery, which sells under the *Saubhagya* brand name, exports jewellery to the US, Muscat, Dubai, Sudan, Canada, the UAE, Bahrain, Sudan, Fiji, Australia, and to Bangladesh, where there is a huge demand for this jewellery. Mangalmani too claims export markets in the US and UK.

The Comfort Of Buybacks

Like fine jewellery, the one-gram-gold sector offers psychological comfort to its customers by providing buyback schemes. For instance, Glory provides a warranty card along with the purchased jewellery, which lays out the conditions for the buy-back. If consumers return plain gold jewellery within the first year, they get 50 per cent of the cost back, while this figure drops to just 25 per cent in the second year. However, for studded jewellery, the consumer who returns the piece gets 33 per cent in the first year, and 16.5 per cent in

the second year. “But we hardly get any requests for buybacks,” says Janani. “Perhaps just 0.4 per cent of our total sales consist of returns.”

Jain of Chintamani offers a buyback of 50 per cent exchange in value if the piece is returned under two years. “The fact that we have these buyback schemes enhances the confidence of our consumers. And although 90 per cent of them don't return their jewellery, they buy with the belief that should something go wrong they can always comeback to return it.”

Speaking of consumer confidence, Nalin Vasa of Lotus jewellery comments that one-gram-gold jewellery is a misnomer. Most manufacturers often use only up to 300 microns to plate the jewellery, which is then sold as one gram gold. “A declaration of what is being sold is very important so as to maintain consumer confidence,” he says.

Vasa's firm employs self monitoring measures by stamping its jewellery and offering a warranty mentioning that the jewellery contains one gram of gold. “We also have a buyback and return the value of 750 grams of gold,” says Vasa. The firm has a quality testing laboratory for the formed jewellery, and uses the latest manufacturing technology and highly skilled workers.

While they don't expect significant sales over the festival period, one gram gold manufacturers are looking with anticipation to the wedding season which follows immediately afterwards. They expect a huge jump in sales during this period and are stocking up with the latest in design and fashion trend.



Mukesh Jain



Nalin Vasa

For example, those who used to work on fine, antique-style gold jewellery, bring the same kind of finesse to the one-gram product. This migration has worked to our advantage