

A QUALITATIVE STUDY ON POTENTIAL OF INDIAN JEWELLERY MARKET FOR MEN

JAYANT SANYAL

Abstract: Men's Jewellery is one of the exciting sub-segments of the market for gold jewellery to attract the attention of customers globally. The significance of this statement for the Indian men's jewellery market can be gauged from the fact that India is now the third largest market for men's jewellery in the world after China and the USA. This development assumes great significance keeping in view the fact that the overall gems and jewellery industry contributes 6-7% to India's GDP and is one of the fastest growing sectors of Indian economy. This paper is an attempt to take a look at the current status of men's jewellery market in India and gauge its future potential. The methodology adopted for this paper is qualitative in nature with emphasis on collection and analysis of secondary data. The findings of this paper can be indicative of the current market for men's jewellery and its future potential in an emerging economy like India. Absence of usage of qualitative data collection techniques like focus group research may be one of the key limitations of this research.

Keywords: Future potential, Gold, India, Men's Jewellery Market.

Introduction: Men's Jewellery market is at its nascent stage in India. The gems and jewellery industry in India though contribute 6-7% of India's GDP by way of exports. The overall market for jewellery in India according to research reports projection the gems and jewellery industry expected to grow at a compound annual growth rate (CAGR) of 15.95 percent over a time period of five financial years 2014-2019. Another research report on this industry has put the growth rate of this industry at 22% (CAGR) from financial year 2008-13 and has estimated slight fall in the growth rate for the financial year period 2013-17. Further, since the last eight years or so, it has been observed that the male consumers have started to show interest in jewellery not only for gifting purposes, but their own daily usage. With India becoming the third largest market for men's jewellery after China and the USA, this market seems to have potential for future growth.

Objectives:

1. To review the current status of overall gems and jewellery industry in India
2. To determine the current status of men's jewellery market in India
3. To gauge the future potential of the market for men's jewellery in India

Research Methodology & Scope of Research:

Research Methodology adopted is exploratory in nature with emphasis on collection analysis of qualitative data from various secondary sources which include online sources- websites, documents in portable document format(pdf) taken from various web sources. The scope of this research extends to the overall gems and jewellery market with focus on men's jewellery market in India only. This research does not take into consideration the market for women's jewellery. Moreover, the research paper focuses on the urban male consumers only in the market for men's jewellery in India.

Limitations of the research: The absence of usage of qualitative research techniques like focus group research, undisguised one on one unstructured interviews with men's jewellery retailers are some of the key limitations of this research apart from the other limitation of lack of adequate time to visit men's jewellery retailer, collect data and prepare and present such data.

The gems & jewellery Industry in India: An overview:

The Indian gems and Jewellery Industry serves as a key performer contributing 6-7% of India's GDP and has emerged as one of India's fastest growing Industry sectors. This industry's primary focus has been exports and another major feature of this industry is that it is a labour intensive industry providing employment to a large share of our labour force. Research reports indicate that at present the gems and jewellery industry is employing more than 4.64 million employees and is expected to employ a further 8.23 million employees by the FY 2022. (Fig #3: Share of work force). Given its focus on exports, the government of India has identified and declared the gems and jewellery industry as a major focus area for export promotion. Another major highlight of this industry has been the development of the diamond cutting and polishing sub-segment which has resulted in India now becoming the world's largest cutting and polishing centres for diamond. This is manifested in the fact that today India exports 95% of the world's diamonds. Backed up facilitating government policies this industry sub-segment of the overall gems and jewellery industry is estimated to generate revenue of up to US\$35 billion in the financial year ending March, 2015. Moreover, this industry's exports have registered an overall percentage growth of 19.91% in April 2016 as compared to April 2015.



Fig.1: Gems & Jewellery Exports (US\$ Billion)

The Gems & Jewellery Sector & Foreign Direct Investment (FDI): Having identified the gems and jewellery sector as a key export promotion area, the government has allowed 100% FDI in this sector through the automatic route. The total Foreign Direct Investment (FDI) inflows in diamond and gold ornaments for the period April 2000-December 2015 were US\$ 751.37 million, as per records with

Department of Industrial Policy and Promotion (DIPP), Government of India. 100% FDI is also allowed for carrying out the surveying and mining of precious metals except diamonds, precious stones, metallurgy and processing. Apart from that, the government has allowed up to 74% FDI in diamond and gemstone mining and exploration.

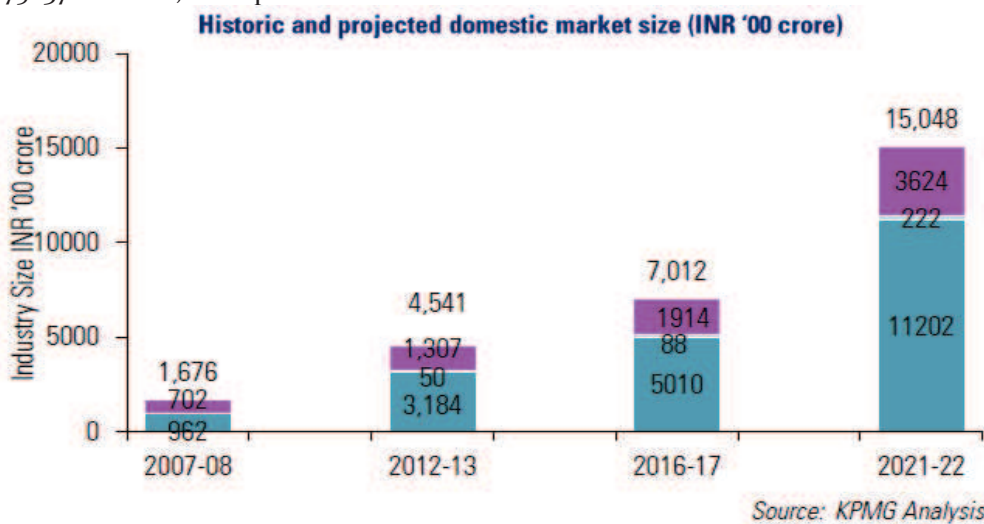


Fig.2: Size & Growth of Gems & Jewelry Industry

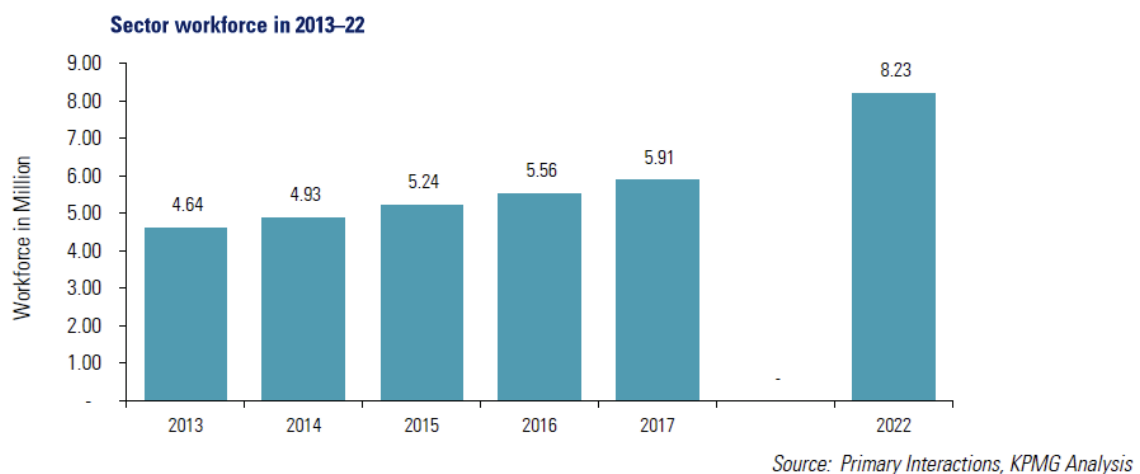
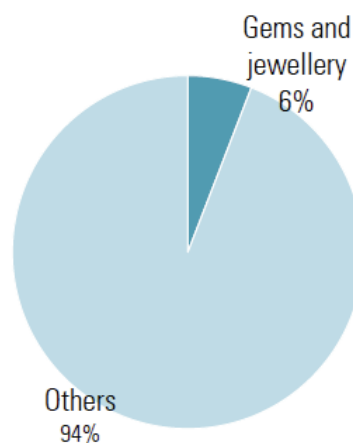


Fig.3: Share of workforce in the Gems & Jewellery Industry

Composition of Gems & Jewellery Industry: The gems and jewellery industry is composed of different sub-segments broadly divided into three broad areas of processing, manufacturing & retailing. (Refer Fig#4: Composition of Gems & Jewellery Industry)



Fig.4: Composition of Gems & Jewellery Industry



Source: "All That Glitters is Gold" FICCI (November 2013)

Fig.5: Contribution of Gems & Jewellery Industry to India's GDP (2012-13)

Table. 1: Exports of Gems & Jewellery Comparison between April 2016- and April 2015

Kindly find below the summary of provisional figures of Export of gems & jewellery items during April-16 as compared to same period last year.						Annex I
EXPORTS OF GEMS & JEWELLERY						
ITEMS	Apr-16 (Provisional)		Apr-15 Same ports as current year		% Growth / decline over previous Year	
	Rs. In Crores	US \$ in Million	Rs. In Crores	US \$ in Million	Rs.	US \$
Cut & Pol Diamonds *	11834.29	1780.40	10263.84	1635.67	15.30	8.85
(Quantity in Lakh Carats)	26.01		25.24		3.04	
Gold Jewellery - DTA	1409.89	212.12	1396.72	222.59	0.94	-4.70
SEZ/EPZ	3477.69	523.19	1673.63	266.71	107.79	96.16
Total	4887.58	735.31	3070.35	489.30	59.19	50.28
Gold Medallions & Coins	2011.85	302.67	2172.26	346.18	-7.38	-12.57
Coloured Gemstones	148.41	22.33	159.95	25.49	-7.21	-12.40
Silver Jewellery	1992.04	299.69	739.69	117.88	169.31	154.23
Others(Pearls & Synthetic Stones)	59.92	9.01	63.06	10.05	-4.98	-10.35
Sub Total	20934.08	3149.41	16469.13	2624.57	27.11	20.00
Exports of Rough Diamonds	572.57	86.14	701.74	111.83	-18.41	-22.97
(Quantity in Lakh Carats)	20.29		24.73		-17.96	
Others	20.80	3.13	47.08	7.5		
Gross Exports	21527.45	3238.68	17217.95	2743.90	25.03	18.03
Return Consignment	3304.72	497.17	2870.89	457.51	15.11	8.67
Net Exports	18222.73	2741.51	14347.06	2286.39	27.01	19.91
NOTE : -						
1) * Data of Cut & Pol Diamonds include export of CPD (Bonded W.H) also.						
2. Figures for April 2016 are provisional and subject to revision.						
i) Figures doesn't included from Jaipur FPO, Air Cargos Delhi & Kolkata for the month of April 2016						
3. Above figures does not include data for Sales to foreign tourists.						
4. To be compared with DGCI & S data						

Market Size & Revenue Generation: The Gems and Jewellery industry as mentioned earlier is a labour intensive industry employing more than 4.64 million

people mostly in the unorganized sector and contributes 6-7% of India's over all GDP. This industry current market size is pegged at INR 454100

crore as per one estimate. Another estimate pegs the current market size at US\$ 85 billion. In the estimated 3300 tonne global gold market, India has emerged the largest consumer of gold followed closely by the United States of America (USA). The revenue generated through exports has recorded increase in exports from INR 14, 347.96 in April 2015 to INR 18,222.73 April 2016 while in US Dollar terms, the exports increased from US\$ 2286.39 (April 2015) to US\$ 2741.51 (April 2016), as per the records available with the Gems and Jewellery Export Promotion Council (GJEC). (Refer Table#1: Exports of Gems & Jewellery).

Major Investment Initiatives: In recent times lot of investment initiatives have been taken by various national and international players in the gems and jewellery industry which augur well for its future. Enlisted below is a list of some of the major investment initiatives made in the gems and jewellery industry.

1. Melorra, a Bengaluru-based online jewellery start-up, has raised US\$ 5 million funding from venture capital firm Lightbox Ventures, to build its brand, enhance its technology platform, and talent acquisition.
2. Major mining companies such as Rio Tinto, De Beers and Alrosa have decided to participate in the Indian Diamond Trading Centre (IDTC) which has been set up to eliminate the middlemen in diamond trade and allow Indian manufacturers to deal directly with miners.
3. India Bullion and Jewellers Association (IBJA) has signed a pact with the Bombay Stock Exchange (BSE) for setting up India's first bullion exchange through a Special Purpose Vehicle (SPV), wherein IBJA and its constituents will hold 70 per cent and BSE will hold 30 per cent stake.
4. Global luxury brand Montblanc International has entered into a joint venture with India's largest watch maker Titan Co Ltd and plans to start the retail operations in India by opening five Montblanc boutiques in Mumbai, Delhi, Hyderabad and Pune.
5. Jewellery major Joyalukkas plans to invest Rs 1,500 crore (US\$ 220.08 million) on setting up 20 stores in India and 10 overseas. The new stores, which will come up almost in a year's time, will add to the Thrissur-headquartered company's existing 95 outlets.
6. London-headquartered Gemfields, a multi-national firm specialising in colour gemstones mining and marketing, is planning to acquire colour gemstone mines in Odisha and Jharkhand, and participate in the exploration of the Kashmir sapphire mines in Jammu & Kashmir.
7. The India arm of US private equity (PE) firm Warburg Pincus picked up a minority stake in

Kerala-based Kalyan Jewellers for Rs 1,200 crore (US\$ 176 million). The jeweller plans to use the proceeds to fund its retail and manufacturing expansion plans.

8. Creador, a PE firm focused on long-term investments in growth-oriented businesses in Indonesia, India, Malaysia and Singapore, invested Rs 135 crore (US\$ 20.28 million) for a minority stake in PC Jeweller Limited.
9. Indian exports will now receive concessional duty treatment in the US as it has renewed the Generalised System of Preferences retrospectively from August 1, 2013 – December 31, 2017

Men's Jewellery Market in India: Current Status:

"India is the world's third largest men's luxury jewellery market as men adorn themselves with light-weight jewellery like fancy bracelets, rings, studs and chains"

--- Suraj Popley, Managing Director,
Popley Eternal.

Jewellery which for long has been one of the major centres of attractions among the women consumers has started to draw the attention of male consumers. This trend has been observed globally, especially in the luxury jewellery segment where it is observed that in developed markets like the USA which today is the second largest market for men's jewellery after China and before India, the preference towards purchase of jewellery can be seen among popular male celebrities who are beginning to adorn more jewellery and are showing increasing interest in unusual designs.

As per research reports by Jewellery Consumer Opinion Council (JCOC) which is a research panel of MVI Marketing limited California on 3,284 consumers 15% of which were male

1. 73% of males surveyed were found wearing jewellery
2. 84% were found wearing a watch, 63% have a fashion ring
3. 46% adorn a necklace while 26% were found wearing bracelets
4. 65% of the male consumers surveyed said affordable prices were the major inspiring factor for men's jewellery purchase
5. Approximately, a third of the male consumers opined that product variety enabling greater choice of designs as a compelling factor for purchase of men's jewellery.

Jewellery Market for Men in India: Winds of Change: The Winds of change that were observed in developed markets like the USA have apparently touched the Indian shores. The jewellery market in India which is traditionally dominated by women

consumers is seeing a change in the purchase behaviour of men towards jewellery especially men's jewellery. Men, more appropriately, the more affluent male consumers apart from ready to wear dressing and cosmetics for grooming are also looking to adorn themselves with light-weight jewellery popular among them being fancy bracelets, rings, studs and chains, kadas, cuff-links and tie-clasps. This development among the more affluent male consumers can be attributed to the long history of Indian rulers who have traditionally shown penchant for grooming with diamond and gold jewellery as per one of India's leading designers.

"Besides the tailored jackets and suits, men too are interested in adding a touch of elegance which can be either by wearing a shimmery tie or pocket square or by adding studded cuff links."

VardaGoenka,
Designer and Director, Diagold.Jewellery

Another designer makes a key observation which indicates that men are tend to follow their Bollywood stars and Cricket icons in their preference for men's jewellery with Sachin Tendulkar setting a trend among his fans by wearing gold chains.

Difference in preference for men's jewellery with age: It has been observed in the Indian market that while on one hand the young male consumers like to experiment with designs of jewellery normally considered to be 'feminine', on the other hand, men in the age group of 30 and above are showing preference for classic and elegant pieces like diamond studded cufflinks or a simple finger band. In short, the jewellery preference of younger men is characterised by trendier designs while older men display a preference for more subtle and elegant jewellery which is in line with their personality.

The men's jewellery market in India is increasingly seeing an upward trend as per the designers and analysts in whose opinion diamond is no longer considered 'feminine'. Male consumers are being

"Diamonds used to be almost exclusively reserved for women's engagement rings and jewellery, but the increasing presence of diamonds in men's jewellery has been one of the most steadily rising trends over the past 20 years,"

--- Sanjay Jagwani
Director Notandas Jewellers

observed as adding diamonds to their wedding rings, pendants and bracelets with the rise in the frequency of such purchase and usage behaviour.

"High involvement in jewellery purchases, research on designs, trends etc. prove that today's man is at ease when choosing jewellery. Through the ages, the most discerning men have preferred platinum for their jewellery. Today, young Indian men are not only looking at bands in platinum, but are also taking to platinum chains and bracelets The look and weight appeal to men as it is very sophisticated and elegant. It is a dense metal and its inherent strength can be sculpted into unique designs."

-----Vaishali Banerjee, Country
Manager India, Platinum Guild
International

Platinum Jewellery- The game changer in the Men's Jewellery Market: A key trend which has been observed in the men's jewellery market in India is the growing preference for platinum jewellery among male consumers which is not only an indicator of confidence in their personality but also the fact that their preference is guided by their knowledge about platinum being more rare than diamond and possess an excellent store value.

This trend can be attributed to the increased patronizing of platinum jewellery by celebrities like actors Irfan Khan & Ayushman Khurana and boxer Vijender Singh. These celebrities opine that the platinum jewellery's quality remains unchanged over a long period of time and does not restrict their activities while wearing a platinum ring or a bracelet.

As per a research survey conducted by Platinum guild International, Men in India are increasingly showing a preference for platinum over gold jewellery because:

1. The male consumers view that the need to be sophisticated and unique can be met by wearing platinum jewellery.
2. The male consumers want to be first among peers and start a trend
3. Male consumers want to wear jewellery to enhance their style quotient
4. Owning a piece of jewellery is considered to be a symbol of success and financial independence- a symbol of adulthood

5. The unique designs offered are a big motivator of purchase
6. Weddings, birthdays, anniversaries and festivals are the major occasions of purchase
7. The preference is spread over finger bands to chains, bracelets, studs and pendants

Rise in Retail for Platinum Jewellery: The growing preference of men's jewellery towards platinum jewellery has meant an increase in the retail for platinum jewellery across India. From 2 manufacturers and 15 retailers in the year 2000 to 15 manufacturers and 860 retailers today, the platinum retail has come a long way in the last 15 years. The major Platinum jewellery markets for men in India are Mumbai, Ahmedabad, Baroda, Pune, Kolkata, Chennai, Bangalore, Hyderabad and Kochi

Major Retailers of Platinum Jewellery for Men:

1. Malabar Gold & Diamonds
2. Joylukkhas
3. TBZ-The Original
4. ORRA
5. GRT Jewellers

Men's Jewellery Market in India: Future Potential: As per the research reports by prominent management consultancy firms like the KPMG and the Mckinsey in association with National Skill development Corporation under the ministry of skill development and entrepreneurship, Government of India, the gems and jewellery industry is poised for greater achievements in terms of exports, catering to the domestic market, adding to the employment levels by creating additional jobs thereby contributing further to India's GDP. The Men's Jewellery market which is still a highly untapped market keeping in view the size of the overall gems and jewellery market in India is apparently destined for good times ahead with rise change in

demographics and rise in income levels of its young population contributing towards its cause. Also, reports from organized jewellery retail brands suggest the shift in preference of men to platinum over gold jewellery which already resulted in the development of organized retail in the platinum jewellery segment will give way to further inroads being made by the organized players in this segment. This will pave the way for greater availability, affordability and choice for male consumers who want to purchase and wear jewellery as a sign of their success and growing confidence in themselves. Further, this development will result in complete change in what was being considered essentially feminine to being something not exclusively reserved for female consumers only, that too not only in the big urban markets but smaller towns as well.

Conclusion: Times are good for overall gems and jewellery industry in general and the men's jewellery market in particular. With increased presence of organized players resulting in increased penetration of retail activity to reach the affluent male consumers across cities armed with better choice and assurance of quality, the market for men's jewellery is poised for further growth in the near future. The winds of change that started from the developed markets have made their way to an emerging economy like India and are showing signs of changing the attitude of men towards jewellery, its purchase and usage. It can be concluded that the men's jewellery market which appears to enjoy a small share of the overall gems and jewellery market will expand in near future and if estimated compound annual growth rate for this market for the next 6-8 years is any indication, the men's jewellery market seems to have the potential for greater success in the time to come.

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Jayant Sanyal/ Assistant Professor/ BCIPS Dwarka/ New Delhi-110075/