

An Empirical Study of Changing Behaviour in the Jewellery Market

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Abstract

The study contributes to a deeper understanding of the impact of different factors such as age, education, and income on consumer buying behaviour in jewellery market with respect to Vijayawada city. It analyses the relationship between age, education, income (independent variables) and consumer behaviour related to store preference (dependent variable) in the jewellery market. The data employed to analyze the factors were obtained through a questionnaire that was conducted in April 2015 in Vijayawada a city in India. The prime reasons for the growth of organized retailing are increase in the rate of literacy, growing middle class penetration, highly disposable income, changing lifestyles of Indian consumers. The success of the market or its failure depends on the purchase behavior of customers. Hence in the present study an analysis of the changing purchase behaviour of consumers is undertaken in the Vijayawada city with respect to jewellery market. The major findings of the study indicated that store preference, age, education, annual income, were weakly associated with consumer buying behaviour.

Keywords: Empirical study; Consumer behavior; Banks; Jewellery market; Clothing

Introduction

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions. Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine - which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers. The study of consumer behavior assumes that the consumers are actors in the marketplace [1]. The perspective of role theory assumes that consumers play various roles in the marketplace. Starting from the information provider, from the user to the payer and to the disposer, consumers play these roles in the decision process. The roles also vary in different consumption situations; for example, a mother plays the role of an influence in a child's purchase process, whereas she plays the role of a disposer for the products consumed by the family [2].

Nature of consumer behaviour

Undergoes a constant change: Consumer behaviour is not static. It undergoes a change over a period of time depending on the nature of products. For example, kids prefer colorful and fancy footwear, but as they grow up as teenagers and young adults, they prefer trendy footwear, and as middle-aged and senior citizens they prefer more sober footwear [3]. The change in buying behaviour may take place due to several other factors such as increase in income level, education level and marketing factors.

Varies from consumer to consumer: All consumers do not behave in the same manner. Different consumers behave differently. The differences in consumer behaviour are due to individual factors such as the nature of the consumers, lifestyle and culture [4]. For example, some consumers are technoholics. They go on a shopping and spend beyond their means.

They borrow money from friends, relatives, banks, and at times even adopt unethical means to spend on shopping of advance technologies. But there are other consumers who, despite having surplus money, do not go even for the regular purchases and avoid use and purchase of advance technologies.

Varies from region to region and country to country: The consumer behaviour varies across states, regions and countries. For example, the behaviour of the urban consumers is different from that of the rural consumers. A good number of rural consumers are conservative in their buying behaviours.

The rich rural consumers may think twice to spend on luxuries despite having sufficient funds, whereas the urban consumers may even take bank loans to buy luxury items such as cars and household appliances. The consumer behaviour may also vary across the states, regions and countries. It may differ depending on the upbringing, lifestyles and level of development.

Information on consumer behaviour is important to the marketers: Marketers need to have a good knowledge of the consumer behaviour. They need to study the various factors that influence the consumer behaviour of their target customers. The knowledge of consumer behaviour enables them to take appropriate marketing decisions in respect of the following factors:

- Product design/model
- Pricing of the product
- Promotion of the product
- Packaging
- Positioning
- Place of distribution

Leads to purchase decision: A Positive consumer behaviour leads to a purchase decision. A consumer may take the decision of buying a product on the basis of different buying motives [5]. The purchase

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decision leads to higher demand, and the sales of the marketers increase. Therefore, marketers need to influence consumer behaviour to increase their purchases.

Varies from product to product: Consumer behaviour is different for different products. There are some consumers who may buy more quantity of certain items and very low or no quantity of other items. For example, teenagers may spend heavily on products such as cell phones and branded wears for snob appeal, but may not spend on general and academic reading [6]. A middle-aged person may spend less on clothing, but may invest money in savings, insurance schemes, pension schemes, and so on.

Improves standard of living: The buying behaviour of the consumers may lead to higher standard of living. The more a person buys the goods and services, the higher is the standard of living. But if a person spends less on goods and services, despite having a good income, they deprive themselves of higher standard of living.

Reflects status: The consumer behaviour is not only influenced by the status of a consumer, but it also reflects it. The consumers who own luxury cars, watches and other items are considered belonging to a higher status. The luxury items also give a sense of pride to the owners.

The need for studying consumer behaviour

The key challenge faced by the retailer is creating products and services which would be successful in the market. An accurate understanding of consumer need helps the retailer create product that is likely to be successful in the market. Understanding consumer buying behavior is the starting point of strategy creation. The understanding helps in determining the channels of communication, proving consumer knowledge which can help a firm assess how well it has achieved its product positioning goals [7]. The firm with the help of studying consumer behavior tries to see how its products are perceived, whether there is a good match or not and then to consider the positioning strategy deemed a success. The retailer should know the consumers, because it is important to know how, when and where the customers use the product or service that the retailers sell. When the retailer understands consumer behavior he is able to make an objective analysis of internal strengths and weakness. This analysis may reveal certain startling facts and provide direction for future differentiation strategies.

Factors influencing the behavior of the consumer

The behavior of retail consumer is a subject of study across the world. In India retailers and retail formats are evolving on a great extent. Understanding the reasons for consumer behavior is very important for retailer. Following are the factors which influence the customers' decision making process.

Range of merchandise: The range of merchandise is perhaps the most important reason for customers to patronize a particular outlet. The initial curiosity of the store may draw a consumer to a retail store, but converting him into a buyer and retailing him over a period of time is largely dependent on the quality and the range of merchandise offered by the store [8].

Convenience of shopping at a particular outlet: The element of convenience is a fast gaining promises in the world of organized retail.

Time to travel: The time required to reach a particular retail location is again fast becoming critical. This is very much relevant in cities or metros like Mumbai, where travel time is high. This has

resulted in many local areas developing in terms of shopping to facilitate buying.

Socio-economic factors: Socio economic factors are seen as a fundamental to development. The Socioeconomic background of the consumer largely determines his lifestyle. Consumer buying behavior varies from market to market and is largely influenced by the culture of the region. The retailer needs to understand that the need hierarchy is different for each market. It is important for the retailer to consider socio economic change in a geographic region over a period of time as it is indicator of the facilities available at various levels and the quality of life of the population this would indirectly be related to the spread of organized retail.

Review of Literature

Consumer perspectives on jewellery retail

A study of Pune city, Sweeping changes in Indian jewellery retail are seen as well. With branded companies making roads into what used to be the domain of the neighborhood traditional jeweler, the question many are asking is will the traditional jeweler like a monument stand the test of time or will he be relegated to the status of an endangered species. With this in mind, the author in the paper seeks to present consumer perspective on jewellery retail, their views on design and price satisfaction, source of purchase, future possibilities and so on.

Organized retail drives Gurgaon real estate

Organized retailing has become a key driver for real estate development in Gurgaon [1]. The article states that Speciality malls have now become common points for shopping during specific occasions such as wedding and festivals. George gonigal in his article also says that real estate developers are coming up with specialized malls that cater to customers that visit these malls for a specific product. Review article 2: Small stores and big, organized retail can co-exist for now. The article underlines the fact that small stores also called kirana stores, will continue to grow alongside organized retail, albeit at a slower rate, and it might be a decade before such store owners lose business to the big retailers, providing an ample window for India to help make the smaller players part of the transition in retailing [2]. The author says that organized retail is a growing source of taxes to the government, which can be ploughed back to modernize traditional retail and build infrastructure to modernize the food supply chain.

Changing pattern of consumer behaviour in Kolkata with advent of large format retail outlets

The objective of the paper "Changing pattern of consumer behaviour in Kolkata with advent of large format retail outlets" is to examine the activities that the consumers are engaged in malls and also to see whether the mall culture is gradually gaining acceptance among consumers along with the reasons for such acceptance. The study finds that primarily the consumers go to malls because of the great experience that they enjoy having there. The authors are also of the view that consumers also attend events, promotions, competitions and product launches that are organized in the malls and spend their leisure time with family and friends. Also, the air-conditioned environment, variety of products under one roof, status symbol along with ample of facilities, supplemented with a greater disposable income are the chief reasons that prompt them to the malls.

Research Methodology

Following research methodology was adopted in the proposed research study:

Research problem

Retail sector has played an unparalleled role throughout the world in increasing productivity of consumer goods and services. This industry has emerged as one of the fastest growing sectors in India and is, gradually leading in a revolution in shopping in India. Retailing in India has become a national phenomenon and India has emerged as the most attractive emerging retail market: a potential goldmine. Organized sector, growing at a blistering pace is overshadowing the unorganized sector & alongside, Indian cities are witnessing a paradigm shift of retailing to the vibrant organized sector. Today's unorganized retail sector feel problematic with a quite small but fast and steady growing organized retail. The prime reasons for the growth of organized retailing are increase in the rate of literacy, growing number of working women, growing middle class penetration, highly disposable income, changing lifestyles of Indian consumers [9]. The success of the market or its failure depends on the purchase behavior of customers. Hence in the present study an analysis of the changing purchase behaviour of consumers is undertaken in the Vijayawada city with respect to jewellery market.

Study goals and objectives

Study of consumer behavior in retail stores usually deal with (1) identification of consumers and (2) their buying behavior patterns. The aim of this study is to ascertain who buys, where, what, when and how. In addition, this study endeavors to learn about consumer movement towards retail outlets. The results of this study are useful in the solution of an array of marketing problems. These studies are gaining importance in marketing research. It is safe to predict that interest in them will increase greatly in the next decade. This paper summarizes the consumer's experience with jewellery purchase in different stores. However, the principles and techniques discussed here are also applicable to other types of retail stores. The "why" of consumer behavior is a separate and very difficult subject; it is not treated here. Knowledge of consumer behavior must precede any consideration of the reasons for the behavior.

Selection of area

Vijayawada is taken for the purpose of survey because this place has a prominent place in the field of manufacturing and marketing of Gold Jewellery.

Selection of sample

For the purpose of survey 102 people with different age group, different income levels, and different education background were taken at random basis to study the changing scenario of consumer behavior.

Collection of data

Both the primary and secondary data were used in this research study. Primary Data was collected through personal interviews from consumers and the secondary information was collected from websites and published records.

Tabulation, analysis and interpretation of data and information

The collected data and information was tabulated in such a manner so that these may be analyzed and be logically interpreted.

Methodology

Formula

$$z = (p^{\wedge} - p_0) / \sqrt{p_0(1 - p_0)} / n$$

Where, p^{\wedge} - Observed proportion, p_0 - Null hypothesis value, n - Sample size, Z - Test statistic

Using sample data, find the degrees of freedom, expected frequencies, test statistic, and the P-value associated with the test statistic. The approach described in this section is illustrated in the sample problem at the end of this lesson.

Degrees of freedom: The degrees of freedom (DF) is equal to:

$$DF = (r - 1) * (c - 1)$$

Where r is the number of levels for one categorical variable, and c is the number of levels for the other categorical variable.

• **Expected frequencies:** The expected frequency counts are computed separately for each level of one categorical variable at each level of the other categorical variable. Compute $r * c$ expected frequencies, according to the following formula.

$$E_{r,c} = (n_r * n_c) / n$$

where $E_{r,c}$ is the expected frequency count for level r of Variable A and level c of Variable B, n_r is the total number of sample observations at level r of Variable A, n_c is the total number of sample observations at level c of Variable B, and n is the total sample size.

• **Test statistic:** The test statistic is a chi-square random variable (X^2) defined by the following equation.

$$X^2 = \sum [(O_{r,c} - E_{r,c})^2 / E_{r,c}]$$

where $O_{r,c}$ is the observed frequency count at level r of Variable A and level c of Variable B, and $E_{r,c}$ is the expected frequency count at level r of Variable A and level c of Variable B.

P-value: The P-value is the probability of observing a sample statistic as extreme as the test statistic. Since the test statistic is a chi-square, use the Chi-Square Distribution Calculator to assess the probability associated with the test statistic. Use the degrees of freedom computed above.

Interpret results

If the sample findings are unlikely, given the null hypothesis, the researcher rejects the null hypothesis. Typically, this involves comparing the P-value to the significance level, and rejecting the null hypothesis when the P-value is less than the significance level.

Conclusion and suggestions

In the end logical conclusions have been drawn from the study and constructive suggestions have proposed in the light of the findings.

Hypothesis

Proposed research work was based on the following presumptions:

- ♣ Retail store preference is more than local store preference
- ♣ Age is influencing to prefer branded jewellery store
- ♣ Increase in the rate of literacy is influencing to prefer branded jewellery store
- ♣ Increase in the level of income is influencing to prefer branded jewellery store

Analysis for Table 1

P = 0.5; p = .54; n = 102

H0: There is no difference in store preference to purchase jewellery

H0; P = 0.5

H1: Retail store preference is more than local store preference.

H1; p > 0.5

Z calculated value (Table 1)

Z calculated value (Table 1) is less than the critical value (1.64)

Result: Accept null hypothesis H0

The claim that retail store preference is more than local store preference is not accurate. Similarly the claim that retail store preference is dependent on age, education and income is not accurate as the calculated value (0.52) for age is less than the critical value 5.99,

the calculated value (0.17) for education is less than the critical value 5.99, the calculated value (0.0005) for income is less than the critical value 7.22, so accept null hypothesis (H0). Hence we can conclude that there is no significance between retail store preference and local store preference and also conclude the retail store preference is independent of age, education and income group (Tables 2-7 and Figures 1-3).

From the tables and graphs it is observed that more number of respondents prefer local store in a sample, it can be observed that respondents with age between 21-40 years are more in number than the respondents with age between 41- 60 years, respondents with education below 10th are more in number than the respondents with education with degree and PG, respondents with income below 1,00,000 are more in number than the respondents with other income levels preferring local store.

Conclusion

This research contributes to the understanding of changing

S.no	Hypothesis and relationship	Test	Critical value	Calculated value	Verification results
1	H0: There is no difference in store preference to purchase jewellery	Z	1.64	1.1	Accept H0
2	H0: The proportion in population who prefer retail store is independent of age group	chi-square	5.99	0.52	Accept H0
3	H0: The proportion in population who prefer retail store is independent of education group	chi-square	5.99	0.17	Accept H0
4	H0: The proportion in population who prefer retail store is independent of income group	chi-square	7.22	0.0005	Accept H0
Store preference		No of respondents			
Retail store		56			
Local store		46			

Table 1: Hypothesis and relationship study of markets.

Age	Retail store	Local store	Total
21-30	4	6	10
31-40	27	23	50
41-60	25	17	42
Total	56	46	102
Expected values			
Age	Retail store	Local store	Total
21-30	5.490196078	4.509803922	10
31-40	27.45098039	22.54901961	50
41-60	23.05882353	18.94117647	42
Total	56	46	102
P		0.528432927	

Table 2: 1st Analysis of retail and local stores according to merchant's age.

Education	Retail store	Local store	Total
Below 10 th	23	37	60
Inter and degree	8	11	19
PG and above	14	9	23
Total	45	57	102
Expected values			
Education	Retail store	Local store	Total
Below 10 th	26.47058824	33.52941176	60
Inter and degree	8.382352941	10.61764706	19
PG and above	10.14705882	12.85294118	23
Total	45	57	102
P		0.176976191	

Table 3: 1st Analysis of retail and local stores according to merchant's education.

Income	Retail store	Local store	Total
Below 100000	14	38	52
100000-300000	17	14	31
300000-500000	11	2	13
500000 and Above	4	2	6
Total	46	56	102
Expected values			
Income	Retail store	Local store	Total
Below 100000	23.45098039	28.54901961	52
100000-300000	13.98039216	17.01960784	31
300000-500000	5.862745098	7.137254902	13
500000 and Above	2.705882353	3.294117647	6
Total	46	56	102
P		0.000570471	

Table 4: 1st Analysis of retail and local stores according to merchant's income.

Age	Retail store	Local store	Others
21-40	27	33	1
41-60	17	23	0
60 and Above	1	0	0

Table 5: 2nd Analysis of retail and local stores according to merchant's age.

Education	Retail store	Local store	Others
Below 10 th	23	36	1
Inter and Degree	8	11	0
PG and Above	12	7	0

Table 6: 2nd Analysis of retail and local stores according to merchant's education.

Income	Retail store	Local store	Others
Below 100000	15	38	1
100000-300000	17	14	0
300000-500000	11	2	0
500000 and Above	4	2	0

Table 7: 2nd Analysis of retail and local stores according to merchant's income.

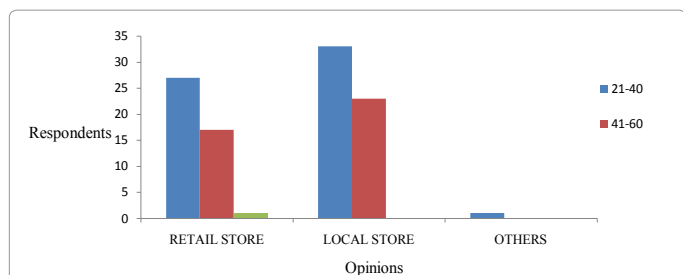


Figure 1: Graph representing stores with respondents vs. opinions according to merchant's age.

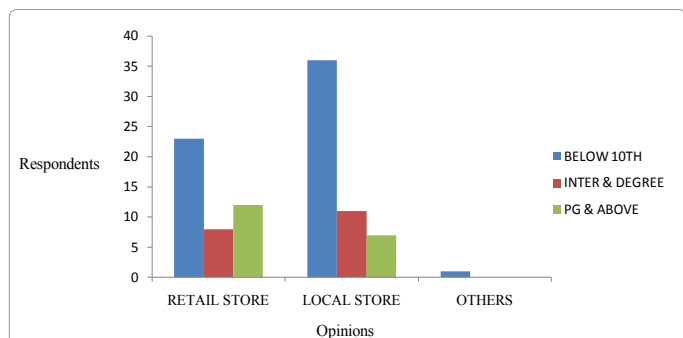


Figure 2: Graph representing stores with respondents vs. opinions according to merchant's education.

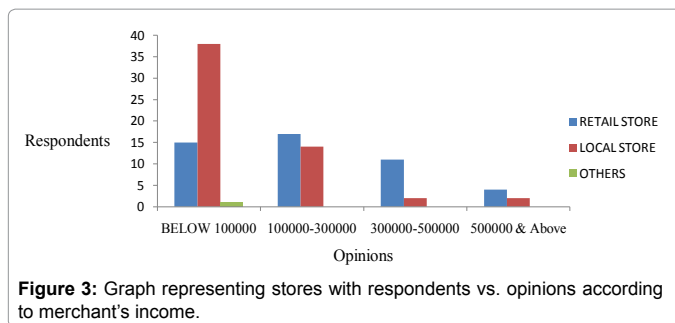


Figure 3: Graph representing stores with respondents vs. opinions according to merchant's income.

consumer buying behaviour in jewellery market with respect to Vijayawada area. The major findings of the study indicated that store preference, age, education, annual income, were weakly associated with buying behaviours.

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