Growing the Branded Jewellery Market: An Indian Experience

Harish Bhat
Chief Operating Officer, Tanishq

Thanks, Paul. I told you even while coming here that I would be an obedient panellist and I’ll try my best to comply. It is a great privilege to represent Tanishq at this September forum. What I’m going to speak about for the next 10 minutes will be the experience from India – the world’s largest gold market – in growing the branded jewellery market.

Tanishq is the jewellery arm of the TATA Group, India’s largest business house. We commenced operations in 1996 and are now India’s largest brand of jewellery. For two years running we have been voted India’s most admired brand of jewellery. We’re one of the fastest growing consumer businesses in India, across all categories, with top line growth which has had a compound annual growth rate of about 40%-plus per year for the past four years.

It has been a rapid growth story, as you can see. We have quadrupled over the past four years in terms of our top line. That’s a typical Tanishq store. For those of you who visit India, I invite you to visit our stores as well as our manufacturing unit, which is located in Hosur, near Bangalore.

The Indian jewellery market is large. It’s worth over $10 billion a year, but it’s largely fragmented and unbranded. Branded jewellery accounts for less than 2% by value. The rest of the market is in the hands of about 300,000 unorganised jewellers.

The hypothesis I would like to present to the audience today is that when branded jewellery grows, brands like Tanishq grow, which means that the entire market grows. Branded jewellery doesn’t only take away market share from other luxury goods, it also grows the entire jewellery market – which is very significant when you consider that developing countries like India already have huge markets.

How does this happen? As has been pointed out in earlier sessions, branded jewellery has higher values and premiums. In India at least and I’m sure many other countries as well, it leads steadily into other luxury goods – silk saris, silk garments, personal accessories, consumer durables.

It also positions jewellery very clearly as a luxury brand rather than a commodity. It moves jewellery beyond investment. In India there is a strong undercurrent of investment in every retail consumer’s purchase of gold jewellery and diamond jewellery, but brands move jewellery from investment to the fashion and adornment sectors. That is where the volumes and the values of the future are. Last but not least, it makes jewellery an exciting and vibrant category.

As jewellers and as part of the jewellery industry, I think it should cause us a great deal of anxiety that there are a number of consumer durables – such as televisions or cellular telephones – which create excitement about themselves. Brands are the best way to create that excitement about jewellery.

There are primarily four reasons why branded jewellery is sure to grow the market. I think the Tanishq experience in India has shown that it can grow very rapidly.
But moving beyond this hypothesis, the key point I’d like to make is that brands can segment the market innovatively to spur growth in a manner that commodities cannot, because by their very nature, commodities do not take a consumer-oriented approach in the manner that brands can.

There are two clear examples of segmentation from Tanishq and from India by which the growth of the jewellery market in India has been spurred: by occasions of wear and purchase.

Both have yielded fantastic results in India, and I’m sure this segmentation would have similar success in many other developing countries.

Let me take the first, occasions of wear.

Typically in the commodities space, the traditional segmentation of the Indian jewellery market would be gold, diamond and platinum – i.e., segmentation by material. Another typical segmentation could be wedding, fashion and trinket jewellery.

But at Tanishq we discarded traditional approaches and looked at segmentation from a new, consumer-driven perspective. We thought it was important to figure out why the consumer buys jewellery. Where does she wear it?

We classified consumer buying habits into three clear segments: everyday wear, special occasion wear and wedding jewellery. Everyday wear could be for work or home. Special occasion wear could either be contemporary or traditional Indian styles. Wedding jewellery could either be the trousseau, which is worn to the wedding hall, or mantap, or it could be fashion jewellery.

The advantage of looking at the consumer this way is that you have new marketing approaches not possible from the previous commodity perspective. We collaborated with the World Gold Council to create Tanishq’s version of “Collection G”, which we called ‘nine-to-five jewellery’. It can be worn by the Indian woman every day at her workplace. It’s a very distinct example which worked extremely well for us as a result of that new innovative segmentation we tried out in the marketplace.

Similarly, diamond jewellery has always had connotations of being unaffordable and inaccessible. By creating “All Day Diamonds”, you are giving the consumer an opportunity to buy affordable diamond jewellery that she can wear throughout day. Similar segmentation led to “Lightweight Colours”, which is everyday wear gold jewellery; Aarka, (Sanskrit for ‘sun’), which is special occasion wear gold jewellery; or “Enamel and Diamonds” and “Tanishq Aria”, which are types of special occasion wear diamond jewellery.

My hypothesis is that when you segment the market looking at the consumer’s wearing habits, it leads to an explosion of demand because consumers start identifying with occasions of wear which they might not have thought about earlier. For instance, women’s work wear was never top of the agenda in India, but when we launched jewellery for that market, it took prominence in women’s minds.

The other approach to segmentation taken by Tanishq and many brands in India is by purchase occasions. What do I mean by this? A few traditional occasions of jewellery purchase have always existed in India, foremost amongst them Diwali, the festival of lights, at which it is traditional for almost every Indian family to buy jewellery.

Interestingly, over the past two to three years many new occasions – all in the traditional Indian realm, not European or American – have been successfully created by jewellery brands such as ours working with bodies like the World Gold Council. This has once again led to very significant growth in jewellery demand.

Examples include Akshaya Tritiya, a Sanskrit name for a festival in April; Karva Chauth in October; and Varalakshmi Vrat. These would not have been associated with jewellery purchase four years back as much as they are today. These are all the result of marketing efforts. Dussehra, another prominent Indian festival September, now attracts very heavy jewellery buying in the eastern parts of the country, purely because of marketing efforts. In July, Onam leads to buying in Kerala, southern India, as does Pongal, in Tamil Nadu, during January. You can see that brands such as Tanishq working in India have engineered a peak in jewellery purchase virtually in every month of the year. It is my hypothesis that in many countries there could be traditional occasions where jewellery purchase would dovetail very neatly.

The consumer insight behind this is very simple. Modernisation is fast approaching, the economy is growing quickly and India is transforming itself into a developed nation. In the midst of this change, Indian consumers want to stay in touch with their roots and observe traditionalism. What better way of doing this than by buying gold on traditional festival days? Gold is auspicious in India; it symbolises the Goddess of Wealth.

There so many purchase occasions that we can create to spur jewellery demand and grow the Indian jewellery market. In a heterogeneous country like India, these days are not the same in each region of the country.
Let me take you through a few advertisements.

Raksha Bandhan is the day when sisters acknowledge their brothers and tie a rakhi around their wrists. Today the brothers acknowledge it with a gift of jewellery.

This is the Akshaya Tritiya festival, in Tamil Nadu in South India, a huge festival for the purchase of gold. I think the World Gold Council in India has done a lot of work in promoting this festival as a day for jewellery purchase.

Dussehra, the north and the west of India, is also now a major jewellery purchasing day.

Karva Chauth, in Uttar Pradesh, is when husbands today give jewellery to their wives.

The point that I want to make is if you look at our consumer, doing just two things has led successfully to huge growth in demand, both for Tanishq and the rest of the Indian jewellery market.

The first is to create more occasions of jewellery wear. To do this we segment the market differently by putting those occasions into the consumer’s mind.

The second is to create more occasions of jewellery purchase, which are the traditional festivals that become key occasions of jewellery purchase in the consumer’s mind. To me these are must do’s for any jeweller to grow the jewellery market. Thank you very much.