

Family Jewellers: Still Shining

At a recent award function I attended, I was asked my view of the future of family jewellers and whether they would be completely replaced by jewellery chain-stores. Quite frankly, I found the question to be ludicrous as I have never doubted the future of the family jeweller and believe that they shall continue to thrive, jewellery chain-stores notwithstanding. I would like to emphasise that my viewpoint is not based on gut-feeling alone, but on fact and data, as I shall attempt to extrapolate.

The gems and jewellery industry is approximately INR 6,50,000 crores in size and has witnessed a compounded annual growth rate, (CAGR), of 14.5% over the past fifty years. This industry is constituted of 90-95% by MSMEs and 60% of gold jewellery is sold in rural markets. The absence of jewellery chain stores in rural areas should be reason enough to endorse my view of a healthy and secure future for family jewellers. But naysayers would point out that family jewellers may continue to exist in rural markets, but what about urban areas? For this I would ask you, the reader, to do a dip stick test. Look at



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One would find that the quantity of inventory with family jewellers is far more than what is offered by the branded stores. Investments made in inventory are not deduced by spreadsheets and return-on-investment, (ROI), but rather, on a desire to promote the showroom as a destination where maximum variety of jewellery is available and aimed at fully satisfying the customer by presenting a huge range of jewellery to choose from. The primary target is customer retention and footfall conversion and thus, prices are reduced instantly, policies for buy back, exchange or repairing; basically, there is much fluidity in the policies laid out as the owner is involved with most customer interactions. Thus, everything revolves around appeasing the customer and ensuring a sound and continuing relationship.

Family jewellers do not have huge budgets for advertising. Acquisition of new customers is based on reference of existing ones, thereby leveraging the relationship to the hilt. And again, relationship selling at its epitome may be experienced at all family jewellers.

But there is much to learn from branded stores and therein lies the future of family jewellers. More specifically, if one was to objectively evaluate why customers patronise branded jewellers, one would recognise that customers are demanding a higher transparency in pricing and consistency in the services provided. Services driven on the whims and fancy of the owner are driving customers to branded retailers, where one finds uniformity in things such as replacement, buyback or repairing of jewellery. And this is where the dichotomy lies.

While a family jeweller has the capability of tailoring any policy to suit the concern of the customer-at-hand, often the customer leaves feeling compromised as they are made to insist on their 'rights', post which corrective action is taken. This means that the nuisance value of the customer establishes the quality and quantity of reprieve granted. And if a customer is not inclined to such behaviour and cheap tactics, they are left feeling compromised as the solution sought is not granted.

On the other hand, at branded chain stores issues are addressed seamlessly. Professionally managed companies reduce discretion and replace it with a robust standard operating procedure, (SOP). While this may frustrate the few that



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have specific issues, it manages to deal with the concerns of most customers with little or no interaction with any senior official. This increases customer confidence, while adding value to the brand itself. And this really is the way of the future.

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need to realise that this has a small impact on the business which their store is generating. That is, while the branded jewellers need to spend large amounts of money to establish a 'brand', family jewellers have established themselves over generations already. Thus, to be threatened by large advertisements merely hides the fact that family jewellers are not addressing the needs of the customer appropriately. And it is only this that needs to change.

All in all, the largeness of the marketplace shall allow family jewellers and branded chain stores to coexist. The ones that close from either segment shall only be because of an inability to put the customer first. Thus, the jewellery industry shall bear witness to the Darwin theory that 'only the strongest shall survive'. In our case, one may amend it to 'only customer service shall survive'. ■



The article is written by **Ajay Mehra**,
Managing Director, Mehrasons Jewellers Managing
Director & Chairman, PHDCCI Gems
and Jewellery Committee,
He can be reached at ajay@mehrasonsjewellers.com