ALL THAT GLITTERS IS GOLD

While going through the bullion rate and the sky-rocketing gold prices, the only question that the board members at the Titan Industries, Bangalore were deliberating was: Is gold inaccessible to the Indian customers living in the semi-urban and rural markets? Can it be made a part of their purchase kitty?

Titan has been a pioneer in organized retailing in jewellery business. With its brand, “Tanishq,” Titan became India’s largest jewellery brand. The focus of Tanishq was on design differentiation and studded jewellery as a category. This resulted in alienating consumers from smaller towns/villages. The rural and semi-urban India actually contributes around 60 per cent of the total gold consumption in India. They started perceiving Tanishq as a “Not for Me” brand. It was with this perspective in mind, that Titan decided to foray into this market with a brand which was perceived as neither upmarket nor premium, mentions Mr. Munish, Brand Manager of GoldPlus. Titan as a company has various initiatives in place to ensure that the company remains competitive both in the short term and long term. One such initiative is called “Future Shock,” in which middle and senior management of the Titan Industries present future business opportunities to a jury. Based on the recommendations of the jury and evaluation by the board, the company evaluates the opportunities.

“GoldPlus” as a concept was presented in one of the Future Shocks in 2004-05. Subsequently, the company initiated pilot projects in two locations – Erode in Tamil Nadu and Ratlam in Madhya Pradesh. Based on the performance of these stores, the company decided to expand its business. The focus was on overhauling the market and creating awareness among customers about purity of gold. Since the historic times, gold has always been a sought-after commodity in terms of investment, symbol of status, and display in cultural occasions. However, Munish felt that the feasibility of launch and sale of branded jewellery in a market inundated with mom and pop stores was a great challenge that needed to be addressed.

TATA GROUP PIONEERS IN BOP GOLD MARKET

Founded by Jamsetji Tata in 1868, Tata’s early years were inspired by the spirit of nationalism. Currently, the Tata companies operate in seven business sectors: engineering, materials, services, energy, consumer products, chemicals, communications and information systems. The major Tata companies are Tata Steel, Tata Motors, Tata Consultancy Services (TCS), Tata Power, Tata Chemicals, Tata Tea, Indian Hotels, and Tata Communications.
Titan Industries is a manufacturing company that produces India’s largest and best-known range of personal accessories – watches, jewellery, sunglasses, and prescription eyewear. It was established in 1984 as a joint venture between the Tata Group and the Tamil Nadu Industrial Development Corporation. The company brought about a paradigm shift in the Indian watch market, offering quartz technology with international styling, manufactured in a state-of-the-art factory at Hosur, Tamil Nadu. In 1995, it diversified into jewellery under the brand ‘Tanishq,’ to capitalize on a fragmented market operating with no brands in urban cities. In 2005, the company launched its second jewellery brand, ‘GoldPlus,’ to capitalize on the opportunities in small towns and rural India.

**LAUNCH OF TATA’S GOLDPLUS**

GoldPlus was launched at Bheemavaram and at 15 places across Tamil Nadu, Madhya Pradesh, Andhra Pradesh, and Maharashtra and has received resounding acceptance from the consumers. Typically, the buyers would go to their family jeweller, but Titan is banking on the brand equity and the trust associated with ‘Tata’. The brand has already notched up Rs. 400 crore worth of revenues and is growing at upwards of 50 per cent annually. Titan believes that a trusted name like the Tata’s is well poised to dominate this segment. The stores are designed to cater to local taste; the products are at the lower end of the price band, while advertising has been restricted to local newspapers and sponsoring of local events. But to make this model work, it is important to distract the small town buyer away from his family jeweller, with whom the customers share a very strong bond for generations. In order to do that, the brand has to be worked out in the small towns, rather than the big cities where most brands are launched.

**MARKET ENVIRONMENT: DEMAND FOR GOLD**

India is the largest gold jewellery consuming country in the world, followed by China and the Middle East. Jewellery still accounts for two-thirds of all gold demand, with India devouring about one-fifth of the world’s supply, twice as much as China and the US. It is central to the Indian weddings that take place every year, mostly in April-May and November, as part of the transactions that take place between families and this seasonal demand accounts for the regular, annual pattern of price rises. In fact, the peak time of the year for the sale of gold jewellery – almost 60-70 per cent – starts during the festival season in October and climaxes during Diwali and the wedding season in November. According to the Rig Veda, “the giver of gold receives a life of light and glory” and “to receive gold is to welcome Lakshmi,” which is why Diwali and gold are inextricably tied together. Akshay Tritiya, an auspicious day in the Hindu calendar, is also associated with the purchase of new gold and gold jewellery. Tamil Nadu, Andhra Pradesh, Kerala, and Karnataka account for 40 per cent of the 800 tonnes of average gold consumption in India.

Given the deep-rooted association of gold with almost every aspect of Indian life, it is hardly surprising that the use of gold is integral to many traditional systems of healing such as Ayurveda, Unani, and Tibetan medicine. Part of what makes gold auspicious in the Indian society is the philosophy behind traditional gold acquisition. *Stridhan* was the only security provided to women who did not possess earning power of their own when enveloped by an eventuality. It was even able to act as a hedge against inflation or collateral for loans in a fluctuating social and economic environment. That is why the Indian preoccupation with gold goes far beyond jewellery. And that is the reason why the wedding season is the peak time for purchase of gold jewellery in India as it forms an important part of the trousseau given by the parents to their daughters during marriage as a security for their financial future.

The prospects for gold are enormous. Indians have an insatiable appetite for the yellow metal. The type of market that exists is unorganized, unprofessional, unscrupulous, and fragmented. According to a World Gold Council (WGC) report, the market is primarily segmented among branded players (3,000 crores), big family/regional players (14,200 crores), and small fragmented players (30,800 crores), which is the mass market, clearly characterized by individual/family jewellers, poor shopping experience, transaction driven by relationships, lack of transparency, and unsure quality.

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GOLD BUYING BEHAVIOUR AND RURAL INDIA

As per the WGC estimates, about 60 per cent of the gold in India is bought in small towns and villages. According to these estimates, the Indian jewellery market is worth around Rs. 70,000 crore ($16 billion). The urban jewellery market is valued at Rs. 28,000 crore ($6.4 billion), while the rural and semi-urban market is valued Rs. 42,000 crore ($9.6 billion). As estimated by L Natarajan, Vice President of GoldPlus, Jewellery Division of Titan, in five years’ time, the rural jewellery market could grow up to Rs.50,000 crore ($11.4 billion) at today’s gold prices.

GoldPlus sells gold jewellery only in semi-urban and rural areas; unlike its sister concern, Tanishq, which has an urban focus.

Currently, this market is dominated by small time mom-and-pop jewellery stores, which are largely local in nature. This means that the opportunity is really big and if we look at the customer’s expectations, they are varied – wide range of jewellery for all occasions, purity, discounts, affordable prices, trust, good retail experience, states Mr. Munish. However, the market has small fragmented players, who offer traditional designs, low caratage, picked up trends from city, negotiation, and inconsistent pricing. Therefore, there is an identifiable gap between the expectations and market offerings, which can be earmarked as a prospective market. GoldPlus being a fairly new brand in the business, and currently operating in only 30 locations, competes with over 10,000 big and small jewellers with an average market share of around 20 per cent.

Recycled Gold

According to WGC, recycled gold now accounts for 30 per cent of the gold consumption in India. According to GR Ananthapadmanabhan, Managing Director of GR Thanga Maligai, the rise in recycled gold could be partially due to couples buying gold coins as a wedding investment and then melting them down into jewellery for the wedding celebrations. He also believes that the majority of Indians are reluctant to sell their gold and tend to consult their family members if at all they do. (Economic Times, 2008)

Gold Jewellery Loans

Many banks in India have provision for loans for purchasing gold jewellery. These loans are generally targeted at working women between 18 and 55 years of age. The willingness on the part of the banks to grant loan for this purpose in itself is a reflection of the importance of gold jewellery in India’s economy and traditions. The rise of India’s wealth and the increase in the middle class population will further increase the demand for gold jewellery in India.

RATIONALE FOR GOLDPLUS

The annual consumption of gold which was estimated at 65 tonnes in 1982, has increased to over 800 tonnes. Presently, about 80 per cent of the gold consumption is for jewellery fabrication (mainly over 22 carat purity) for domestic demand while 15 per cent is for investor demand and barely 5 per cent is for industrial use. The remarkable feature is the way the investment in jewellery has come to dominate the market. The urban demand for gold is primarily for adornment jewellery rather than investment, but in the informal barter economy of rural India, gold still remains a part of the retail cottage industry and thus plays a distinct monetary role.

Apart from this, the entry of GoldPlus was attributable to the lack of standardization in jewellery. The Tata’s entered the gold business in 2005 with the objective of introducing standardization in the manufacturing and marketing of gold jewellery, catering not only to the elite but also to the urban, semi-urban, and rural clientele.

While the Tanishq showrooms are for the elite, the GoldPlus showrooms are for the semi-urban and rural customers. While the purity and quality of the jewellery in both categories of showrooms will be the same, the difference is in the type of designs offered. The customers in the semiurban and rural regions have been deprived of assured purity, transparency, and quality retail experience. GoldPlus has revolutionized the jewellery business by offering pure gold jewellery from a trusted player with transparent business practices and amazing retail experience and all that at a reasonable cost, states Mr. Munish.


COMPETITION FOR GOLDPLUS

Barring the small presence of the branded jewellery segment, which is organized, the majority of the rural and semi-urban jewellery market is unorganized, fragmented, and dominated by individual and family jewellers. Poor shopping experience, lack of transparency, and lack of good designs, are some factors that have hampered the growth of the jewellery industry. Of late, there has been a raft of organized players pushing into the rural market. Along with GoldPlus, Gitanjali, Adora, Ciemme, Kisna, to name a few, have all launched rural marketing initiatives. Despite being big players, their entry into rural India has been characterized by an uncertain, testing-the-waters approach, mainly because initially, no one was sure whether there really was money to buy high-purity gold jewellery. Some tried branded gold jewellery. All of them together brought about an explosion in the range of designs and price points for the rural consumer along with assured buybacks and other incentive schemes.

If the South was a gold mine for GoldPlus, the Hari Krishna Group trained its sights on Gujarat, and Maharashtra. Since 2005, the firm has been selling Kisna, branded 18 carat diamond jewellery, in these regions through 1,091 retail outlets. Kisna is sold in a wide price range from Rs. 4,900 ($112) to Rs. 250,000 ($5,716), and the brand introduces new designs every four months to cater to its design-conscious customers. On the other hand, Ciemme Jewels has targeted the so-called Tier-3 and Tier-4 cities in Gujarat, the Northeast, Central and North India since 2003. Ciemme caters to rural tastes and brings out limited edition designs. The big family jewellers in South, offering lower prices, gifts, and discounts to the customers have emerged as tough competitors. Joy Allukas, Jose Allukas, Kalyan Jewelers, Kumaran Jewelers, Bhima Jewellers, and Malabar Gold in Tamil Nadu and Khazana and Md. Khan Jewellers in Andhra Pradesh are the major competitors, states Mr. Gaurav.

GOLD MARKETING CHALLENGES

The Indian consumer is very often a victim of irregular metal quality. A buyer, for instance, would be told that he had bought gold of 22 carats. But, when he went to sell or exchange it, he might discover that the gold was actually only of 18 carats. As per a research done by WGC, 9 out of every 10 jewellery sold in India reflect under-caratage and consumers are not aware about it. The decision of choosing a jeweller is not based on purity or transparency but on discounts and gifts, Mr. Munish observes. In India, problems have also arisen because of the lack of suitable sellers of high carat gold. The oldest types of fraud involve adulteration by addition of too much alloy, and selling gold or silver articles which are externally of standard fineness but with base metal cores. These kinds of fraud continued till the Hallmark Scheme was launched. Many manufacturers and retailers sub-contract work to small workshops and this makes gold stock control and caratage quality control difficult to achieve. Most of the retailers stock branded jewellery but sell it as their own product without using the label. There is therefore an urgent need to have strict control on how to sell a branded product.

Moreover, the Indian customers are shifting their loyalties. As pointed by Mr. Munish, the biggest concern was that the company was competing with the family jewellers, who shared a long-term relationship of trust with the customers. Breaking this relationship and convincing them to shift their loyalty has been one of the biggest challenges for GoldPlus. Apart from this, the emergence of regional players with mega showrooms and attractive offers are confusing the consumers, who fail to realize the lack of transparency in their operations. The problem gets more intense because of the limited reach of mass media in the rural markets where the reach of print media is already low due to low literacy rate. Most of the mass media is expensive. It becomes really difficult for a low margin business like GoldPlus to afford it. All this leads to a low level of awareness about gold among the rural customers.

THE BUSINESS MODEL AND THE SUCCESS STORY

The evolution of the business model can be attributed to the indomitable commitment of the Tata Group to make available branded jewellery to the small towns. The mainstay of the concept lies in professionalism, an integrated supply chain, appropriate store design, and dedicated franchises. The factors that will distinguish the brand from the competitors in the market will be consumer awareness, the product, innovative services, and a connection with the society.

Pilot Strategy

The initial strategy of the brand was very different as compared to the others in its category. Beginning with the region-centric approach, the brand targeted the Southern
Indian cities where gold savings are comparable to equity holdings and financial assets and can be considered as the best territory for the product. The company focused on a very region-specific assortment with the existing vendor base. The retail strategy was developed on the location, ambience, and experience at the store, with the idea of making the environment conducive for a perfect gold shopping experience. Apart from the outlook of the store, the display windows and panels were also taken care of. The marketing was completely localized, to achieve the right background for a strong relationship. The brand sponsored various local events and took initiatives to make a place in the hearts of the people. And with all these endeavours, Titan (Tata) has been able to achieve a firm footing in the mass market and is all set to become a billion dollar company by 2009-10. Also the model proposed a great opportunity for the society with increased awareness, improved business practices, enhanced employment opportunities to the karigars by elimination of middle men, increased employment to rural community, providing professional service, trusted quality at affordable prices, and variety to choose from ready-to-wear jewellery and value-for-money products.

Building Customer Base

Consumers from the B and C income groups react to different triggers, have different tastes, and need to be communicated very differently (Kotler, 2007). A significant chunk of GoldPlus’ target customer group comprises people who invest in the yellow metal rather than buying it for immediate use – this includes people saving for their weddings, or those putting aside a little something for their daughters’ trousseau.

Over 40 per cent of the estimated annual gold purchases of Rs 70,000 crore is accounted for by customers who start buying for their daughters’ marriages when the child is barely six. For such customers, purity of gold is more important than the variety of designs and quality of workmanship (important issues with the SEC A).6

Brand Marketing

Brand Tanishq has been heavily advertised on television which has been seen as a medium to reach the masses whereas Goldplus’ marketing strategy has been different. The brand has opted for below-the-line activities to achieve a direct interaction with the consumer. In order to do that, GoldPlus decided to create a promo which would grab the attention of the target customer; it created a 24.5 kg gold bangle that gave it an entry into the Limca Book of Records and took the bangle on a roadshow in 17 towns. Competitions were organized around the same theme like a ‘guess the weight of the bangle’ contest. The company also offered a photo opportunity to visitors, with options to mail their photographs to five of their acquaintances. Such exercises helped the company to establish a sound network.

Other innovative promotions include new store openings being preceded by distribution of gold paper slips to potential customers in a 3-5 km. radius of the store. The slips carry the message: To convert paper into real gold, visit the GoldPlus outlet. Similar promotions are conducted inside hotels by offering a free sweet dish and a paper coin along with the bill or gold paper with flowers while leaving a temple.

There are many small and big events that team GoldPlus conducts throughout the year. These events are aimed at bringing out the talent of locals. Also for GoldPlus, these events act as a step towards becoming part of the family of the customers and as a result be their family jeweller.

Golden Chariot

Despite the fact that the country is the world’s biggest consumer of gold, knowledge about the metal itself, the processes that the metal has to undergo, and how it is finished into jewellery, is extremely poor, particularly in rural and semi-urban areas in India. The company therefore decided to launch an initiative to educate people in rural areas about gold purity, hallmarking and other processes. GoldPlus has a custom-built bus called the thanga ratham (gold chariot) which goes from village to village in Tamil Nadu with an on-board video educational campaign. The bus has covered 1,500 villages in three months. Moreover, every Saturday, GoldPlus invites more than 40 customers to visit their Hosur factory and has an interactive session with them. GoldPlus is clear that more than anything else it has to win over the trust of the consumer. And for that, GoldPlus has the ‘Golden Chariot’ initiative that involves taking a vehicle with a carat-meter, to customer hubs. Customers are then encouraged to come and check the purity of the gold they already own using

the carat meter. They can also avail of services like cleaning and polishing their jewellery free of cost. This gives GoldPlus a foot into the door. To ensure that the door opens further, GoldPlus has chosen to play up its Tata connection by branding stores as GoldPlus from Tata. It also plays around the strength of the Tata brand as it helps bring credibility and trust to the brand from the very inception of this retail diversification. That is why even the shop signages carry the blue Tata logo prominently alongside the red-and-gold GoldPlus logo. The Tata name is flaunted conspicuously on all GoldPlus hoardings and shop fronts. Research by the company showed that this was more widely recognized and trusted, in any case.

### Innovations in Promotion

GoldPlus wants to be positioned on transparency and trust platform. Also they intend to be design leaders in their markets. Every store has a team of 6-7 people, who visit villages on a daily basis. GoldPlus identifies the educated/uneducated unemployed youth from the villages around the stores. This team gets into villages, meeting opinion leaders, teachers, housewives and other target groups and educates them on gold and what the customer should look for in gold. They also leave behind educative material with the GoldPlus logo. The focus on local environment and local flavour is very high and that is the reason why Titan is convinced that the direct approach in marketing will benefit GoldPlus the most. The store manager keeps track of weddings and other social events by networking with local priests. He then sends a congratulatory card and token gift well in advance to the families concerned. If they then shop for appropriately large sums at the GoldPlus outlet, the company sponsors banners at the wedding, which is followed by another round of gifts. And when the manager is invited to the wedding, it gives him an opportunity to network further and pay for them in easy instalments.

GoldPlus has moved the market practices in the right direction. The markets are seeing improvement in purity levels. GoldPlus sees a scenario wherein purity becomes a hygiene factor and is no more a differentiator. In that case GoldPlus needs to move to a design leadership platform.

### The Traditional Flavour

To make customers feel comfortable, the GoldPlus stores have been designed to look traditional – either homelike or resembling temples. The price points are low so as to bring in the footfalls: Customers can buy as little as one gram of gold. Exchange of old gold for new – a popular practice in South India – is permitted at merely 2 per cent charge, compared with the market rate of 6-8 per cent. The impetus is given on interacting with customers on a continuous basis and adapting to their needs. The skills of the frontline staff are honed by giving them intensive training on how to deal with customers. They reward their top performers. The sales staff begins their day with Yoga. Mystery audits are conducted to find out the stand of sales people against the expectations of the customers at showrooms.
Corporate Social Responsibility

GoldPlus has also been able to discharge their corporate social responsibility. It has launched two major initiatives in 15 districts for auto rickshaw drivers to help them buy gold with their savings. In other social initiatives, the company has held a free eye check-up camp, distributed 5,000 eyeglasses, and performed 100 cataract operations. Ananta, the loyalty programme of GoldPlus, ensures that 20 per cent of the gifts are procured from the institutes run by the NGOs. GoldPlus customers and non-purchasers are invited for factory visits. They are taken to Hosur where Titan has a state-of-the-art jewellery manufacturing factory and are shown the process of manufacturing and how GoldPlus ensures purity in making every piece of jewellery. At the end of the visit, they also get to interact with the senior team of Titan, where a question-answer session is held.

THE BRAND PROMISE

Promise of Purity

The absence of standardized practices in markets often leads to a latent fear among consumers about the purity of gold. GoldPlus aims to create awareness about gold purity and thereby set new jewellery standards. It aims to establish an emotional connect by participating in every gold purchase need of the consumers whether it is festivals, marriages or harvest season with the promise of purity. A range of over 5,000 designs in 22 carat plain gold and diamond jewellery are offered in the showroom to cater to the needs of quality-conscious consumers. The brand stands for purity and fulfilling promises, and in line with this, purity certificates are provided with all GoldPlus products as a guarantee for purity.

Backed by Titan’s Experience

GoldPlus leverages the design and retail expertise of the Titan Industries to present market relevant offerings catering to local tastes and preferences. The product range, showroom ambience, and marketing efforts showcase the company’s superior understanding of local consumers. Titan’s investment in IT and retail will further enable GoldPlus to achieve cost-effective supply chain logistics, which will deliver greater value for the customers.

DISTRIBUTION NETWORK

Unlike the Tanishq stores, which are a mix of company-owned and franchises, the GoldPlus chain is entirely franchisee-driven. The logic behind this move is quite evident: jewellery is a localised business and especially in smaller towns, the store manager needs to have local contacts and be a trusted individual so as to be able to inspire confidence in customers. The franchisee is the face of the brand in every town and is the key to the success of the model. Potential franchisees – typically, the most prominent jewellers in the area – are decided on the basis of their network and their potential business worth. (They have to be capable of investing Rs 50 lakh in the new venture). Even the options GoldPlus extends to its customers – programmes like chit funds and savings schemes (where money saved with the company earns interest, which is later used to buy jewellery) – are more typical of traditional jewellers than the corporate organizations. Titan currently has 30 GoldPlus stores in South India. Over the next couple of years, it plans to expand in very small towns across the country. When the whole world was talking about standardizing the retail look and feel of stores, GoldPlus went ahead and decided to give a local touch to every store. As a result, there is reflection of local nuances in the store. This helps in avoiding alienation of the local customers and making them feel comfortable, states Mr. Munish. GoldPlus works on the franchisee model. The key lies in selecting the right franchisee who could be a local face for the brand. The importance is given more to the image than the financial strength or retail experience. Also the franchisee partner has to be one who is involved in the business and interacts with the customers and ensures quality standards.

SEGMENTATION AND EXPANSION

Consumers in South are emotional and are driven by family values. For example, they do not buy diamonds because of the firm belief of Dosha (ill-effects because of inclusions in diamonds). On the other hand, consumers in the North are driven more by Value. This is the reason that the Southern stores have a low mix of diamond jewellery whereas the Northern stores have a healthy mix of diamonds.

GoldPlus today offers a wide range of gold jewellery, diamond jewellery, Cubic Zircon (American diamond), and coloured stones (ruby, emeralds, pearl). In each of the categories, the brand ensures that the products are of world class quality. Also all the products come with a quality certificate that gives the details of every element used.
The brand has also recently launched jewellery made using Diamantine™, a new stone made with nanocrystalline diamond coating technology, developed by Serinity Technologies Inc., US. Swarovski crystals are given a nano coating of real diamonds on it giving it the physical properties of real diamond and still costing a fraction of real diamond.

SEMI-URBAN AND RURAL CUSTOMERS IN THE DELHI NCR REGION

GoldPlus is operating one store in North India in Patiala, Punjab. The idea behind slow expansion in the North is to understand the markets and the consumer behaviour before the brand expands its presence. Also since GoldPlus is a capital-intensive business with a narrow margin, it makes business sense to cover the state for economies of scale. Research conducted to find out the preference of the lower segment of the North Indian customers towards branded jewellery, revealed that about 37 per cent bought gold more than twice a year; about 28 per cent bought gold because of peer pressure while 50 per cent bought for investment purpose. Tata can hence draw their positioning for the North Indian customers whose gold purchase is driven by peer pressure and demonstration effect. This can also be an eye opener for the Tata brand and they can launch coins or solid gold biscuits keeping intact their perception of trust to tap this special segment of the North Indian customer.

THE ROAD AHEAD

With the changing needs of the rural customer, the rural retail scene is evolving at a rapid pace. As pointed out by Natarajan, that the rural customers are price-sensitive is a common fallacy. They are as design-conscious as any urban customer and want new designs every six months. They are also willing to pay a premium for differentiated design. However, the wedding market, which accounts for 60 per cent of the total sales, continues to be dominated by traditional jewellery. The rural consumer is drawn towards stylish jewellery, but “style” as such is perceived differently by rural customers.

Rural India offers the jewellery industry a huge opportunity. But the need of the hour is to keep pace with the change. You have to adapt quickly – or lose your customer. Gold is a commodity dear to all Indian women, irrespective of income group. Only the quantum of gold bought varies with differences in income and savings.

The growth of this business will depend on how efficiently we catch the consumer traffic from the villages, which today travels all the way to the nearby Tier 1 or Tier II towns to buy jewellery.

Striving to make the best of the economic prosperity, GoldPlus has been expanding since its inception. Selection of 22 franchisees, identification of 18 retail locations, recruitment of about 180 people, tapping of 13 new locations, completion of market survey, inauguration of 11 new GoldPlus stores, and many more such strategies have been initiated to create a strong foothold in the otherwise volatile gold market. The brand having been established, the focus is now on trust and purity, product quality, building transparent systems for billing and exchange, of jewellery, and improving customer service through better design range, availability of variety in each price point, rural penetration to bring more walk-ins, customer benefits – gifts, loyalty, etc. In the last 36 months, GoldPlus has been able to find its place in the Limca Book of World Records by designing a gigantic gold bangle measuring six feet in diameter in Erode in Tamil Nadu. This six-inch wide bangle has been made from 24 kgs of gold. The challenges for the future are many, ranging from the threat from the expansion of regional brands which are providing customers with huge range, offers, discounts and gifts, to the rising gold prices which has become a huge disadvantage.

GOLDEN FUTURE

The performance in the last year has been the biggest motivator and has given the confidence to leap forward. The efforts put in its creative marketing and promotion styles have given the twin advantage of securing future sale and improving the awareness of brand through direct reach. The new schemes that have been launched have improved the average account per store per month and the target is to increase the average account per store by 100 per cent and secure a significant proportion of the next year’s sale from each of these stores. The brand seems to have recognized the formula for success in its target markets, which has helped it in posting phenomenal results over a short span of time. However, the gold market is volatile and the increasing gold rate has led to the slack in demand. The big challenge for Tata GoldPlus is to sustain its market share and capture new customers even in times of declining demand. Expansion to the northern market can be another area of concern which needs to be
addressed by Tata GoldPlus. It needs to sustain and enhance its position in the market through its success mantra or even change as per market dynamics. Market innovation, extensive market research, opportunity of tapping the bottom of the Indian pyramid and many more successful milestones to cover are on the cards of this first of its kind rural jewellery brand. GoldPlus offers its customers trust that comes from the House of Tatas. Also the process followed by the retail chain offers transparency which is not very usual in jewellery business. Providing access to customers to equipments like caratmeter and electric furnace makes it possible for the customer to physically see the entire process. The team at GoldPlus realizes that as the government enforces Hallmarking, purity will no longer be an advantage. Keeping this in mind, they have also started working on a design leadership platform which the brand wants to own in the next three years, as informed by Mr. Gaurav of Tata GoldPlus. It also faces competition from other jewellery brands offering discounts and gifts which GoldPlus, being a thin-margin business, cannot afford. Any external factor can wipe out the thin margin on which GoldPlus works. The challenges are too many and might influence the success or even existence of this innovation by Tata.

THE ISSUES

• What strategies should GoldPlus adopt to compete in the market?
• How can GoldPlus compete with inundated unorganized jewellery mom-and-pop stores?
• Would it be advisable to launch the brand in the Delhi NCR market, given the profile of the rural and semi-urban customers in this region? What problems are they likely to face while implementing this expansion strategy?
• What innovative marketing strategies can GoldPlus adopt to increase its market share in the Indian market?
• As Brand Manager of GoldPlus, what strategies would you have recommended for strengthening Tata GoldPlus brand?

ANNEXURES

Exhibit 1: Contemporary Promotion Practices

CATCHING THEM UNAWARE

• Innovative Mediums
  - Train - Gold Plus Mysore-Mayiladuthurai Exp.
  - Train passes through 5 Gold Plus locations: Kumbakonam, Tanjore, Karur, Erode, and Mayiladuthurai.
  - To carry an average of 2,800 passengers per day
Exhibit 2: Innovative Promotional Practices

Exhibit 3: Education and Awareness Programmes

**EDUCATION**

- Thanga Ratham
  - Mobile caratmeter
  - Increase awareness on purity
  - Screening of educative film
  - Drive traffic to stores
- Bangaru Ratham for AP
  - Planning to start after 6 stores in AP
  - Also studying the viability for other states
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