

Repositioning Making Charges in Gold Jewelry retailing to drive industry change: Customer and Jeweller perspectives

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This study delves into the pricing dynamics of the gold jewelry industry in India and proposes a novel approach to repositioning making charges as a craft premium. The research identifies several challenges faced by the industry, including the age divide in jewelry consumption among women customers, consumer dilemma between making charges and preferred designs, and mixed attitudes towards making charges among consumers and jewelers. The paper draws on existing literature to highlight the price-quality relationship and the signalling impact of price cues on consumer choices, particularly in the context of hedonic prices. The methodology adopted in the research comprises three studies. The first study involves secondary research on gold jewelry pricing practices, followed by interviews with jewelers to understand various aspects related to the marketing of gold jewelry and the role of making charges. Lastly, it comprises interviews with gold jewelry customers to gain insights into their perspectives related to the purchase of gold jewelry and the perception of a novel pricing approach. In order to capture the consumption patterns, women from two different age groups (20 to 35 years and 45 to 65 years) are interviewed for the study. To explore the feasibility and benefits of the proposed pricing strategy, this study suggests the inference of making charges as an added cost subject to discounting, then repositioning it as a crafted premium having better value with an enhanced consumer's willingness to pay to provide significant practical implications for policymakers, jewelers and/or consumers. This study concludes with advocating for a shift in the gold jewelry industry, where quality (design) becomes the primary focus for buyers and sellers, and quantity (grams) becomes secondary. It further offers a compelling argument for repositioning making charges as a means to drive industry change with enhanced consumer perception of value in gold jewelry retailing.