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Indian gold jewellers flaunt it in style, make it to the top league

South India takes pride of place as the top two slots in terms of sales go to Kerala-based retailers

Amit Bagaria



The jewellery and watch retail market in India is worth ₹1,80,000 crore, of which the organised sector accounts for ₹76,800 crore, or about 42.5%. The overall consumption of jewellery, including gold, is much higher at ₹2,78,000 crore and represents almost 6% of private consumption in India - with the difference between the consumption and the retail market size being accounted for by gold or custom-made jewellery not sold in retail outlets.

There are some 80 jewellery and watch retailers in the organised space, with 3,150 outlets. Retailers with a minimum of 10 outlets or minimum annual turnover of ₹50 crore are considered as "organised". The top 20, with 2,250+ outlets, ac-

count for ₹56,700 crore in sales, which translates into almost three-fourths of the organised sector market and almost one-third of the total pie.

The top two slots go to Kerala-based jewellers - Kozhikode-based Malabar Gold & Diamonds takes the lead, followed by Thrissur-based Kalyan Jewellers. The two major national players Titan-Tanishq, including Gold Plus, and Gitanjali Group come in at No. 3 and No. 4. Malabar Gold & Diamonds, Kalyan Jewellers and Titan-Tanishq rank among the Top 10 in the world, based on their sales.

Sample this. Malabar Gold & Diamonds is expected to have an estimated turnover of ₹8,800 crore in the just ended fiscal year from 44 outlets in India - it also has 20+ outlets in the Middle East. Kalyan Jewellers' sales are estimated at ₹8,500 crore from 30 outlets across South India. It was recently in the news for buying an Embraer jet worth ₹30 crore. Both are expanding rapidly. Malabar Gold & Diamonds, with its presence in South India and the Middle East, is pushing through its expansion plans in India and is readying a road map to open stores in South East Asia.

As many as 11 of the top 20 are based out of South India. However, it is surprising that most



of the published research reports on this sector do not even recognise the existence of the South Indian jewellery retail giants - other than Titan - which have a combined turnover of more than ₹40,000 crore.

A global comparison shows per capita consumption of jewellery in India stands at ₹1,480, compared to ₹12,500 in the US, Rs10,700 (the

EU), ₹4,850 (Hong Kong), ₹4,530 (Japan) and ₹1,825 (China). Retailing of jewellery & watches accounts for 7.2% of the total Indian retail market (including automobiles), whereas organised jewellery & watch retailing forms 19.5% of the total Indian organised retail market.

In 2011, the US jewellery retail market was estimated at \$78.2 billion (Rs 401,000 crore), more than 2.2 times that of India. Walmart incidentally is also the largest jewellery retailer in the US, with estimated sales of about \$2.9 billion (Rs 14,880 crore) last year. Signet Jewellers takes No. 2 position, with domestic sales of \$2.74 billion (global sales \$3.44 billion) from 1,300-odd stores. Zale Corporation is next, with 1160+ retail stores, 670+ kiosks and five online stores, and annual revenues of \$1.74 billion, roughly the size of Malabar Gold & Diamonds.

The Chinese jewellery retail market was estimated at 300+ billion yuan (Rs 244,000+ crore) in 2011, 35% larger than India's. It takes on a bit of shine because of the fact that China's largest jewellery player, Chow Tai Fook, with 1,450+ points of sale across 320 cities in China and 60+ stores in Hong Kong, with sales of \$4.5 billion (Rs 23,000 crore), is also the world's largest

jewellery retailer. Chow Tai Fook has a market cap value of ₹79,300 crore, 3.75 times that of Titan. The second-largest Chinese jewellery retailer Lao Feng Xiang notched up an estimated sales of \$1.8 billion and No.3 Chow Sang Sang about \$1.65 billion, which is less than that of Malabar Gold & Diamonds.

Tiffany & Co, with global sales of \$3.6 billion, is the second-largest jewellery retailer in the world. Only half of its sales are in the US, where it is the fifth-largest retailer.

Japan in this context doesn't really measure up as the jewellery retail market, at ¥910 billion (Rs 57,700 crore) in 2010, is less than a third of India's. It has shrunk almost 70% in the last 20 years, marking the decline of Japan as a major economy. The top two retailers As-me Estelle, with sales of ¥27.07 billion (Rs1,717 crores) and Kuwayama, with sales of ¥25.06 billion (Rs1,588 crores), would not even make it to India's Top 10 in terms of sales.

The writer is chairman of Asipac, India's leading mall development managers and retail research consultants, and founder of Men & Boys, Asia's largest chain of retail stores for men's skincare and grooming.