

Influence of Certain Organisational Demographics on Marketing Mix Related Practices in the Unorganised sector of Indian Diamond Industry

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Abstract

Marketing practices, in diamond industries have been considered as a significant strategic weapon in the present cut-throat competitive business environment. Sound marketing strategy enables the business organizations to achieve their business objectives in better way. Indian diamond market is one of the top three diamond markets of the world, as such the marketing strategies prevailing here need to be examined. The present study attempts to find out the impact of certain organizational demographic characteristics on the prevailing marketing mix related practices in the unorganized sector of Indian diamond industry and presents an insight on the present status of the industry.

Keywords:

Marketing strategies, diamond industry, marketing mix elements , unorganized sector.

Introduction

Diamonds have been used throughout history as a symbol to express emotions-love, affection and commitment. Indians have also been very fond of diamonds since the time of its origin. In India, diamonds are the second fastest - growing discretionary purchase, trailing only mobile phones. Indian diamond industry have significant contribution to world economy and is growing rapidly. India is the third-largest global diamond market, with annual revenues approaching \$8.5 billion in 2012. Sound marketing strategies of the diamond business organizations enable them to face the challenges of the market successfully.

In this paper, an attempt has been made to study the prevailing marketing mix practices in the unorganized sector of Indian diamond industry. The effects of business organisations' demographic characteristics viz. location, age and size on the four marketing mix elements i.e. 4 P's - product, price, place and promotion are tested statistically and results of the analysis are interpreted logically.

Review of Related Literature

A review of the available literature clearly shows that marketing practices prevailing in unorganized sector of Indian diamond industry need to be re-examined.

Zhou and Tse (2005), in their research paper examined demand uncertainty and competitive intensity and found marketing strategies to be positively related to both demand uncertainty and competitive intensity.

Mukherjee and Patel (2005) studied various factors affecting the Indian Gem and Jewellery market and opined that this sector offers huge potential for growth and export.

Mathur (2007) studied the tradition, ranges, varieties, best known techniques and manifestations and an overview of contemporary jewellery. The study is a glimpse of Indian Jewellery in its totality.

The study conducted by **Pan (2008)** was focused on Chinese gems and jewellery market. He analysed China market competition, market size, sale channel, consumer characteristic, import and export process, market trend and potential forecast etc. in detail.

Kala (2010) viewed that Indian industry contributes 13 per cent to India's total merchandise exports in 2009-10. India's diamond share in world market witnessed an increase from 60 to 70 per cent in value terms.

Kuriyan (2010) viewed that the Indian diamond industry stands clearly above most of the competition. He advised that the industry should push harder to ensure that its products get to more markets around the world if it wants to sustain value growth.

Objectives of The Study

The main objectives behind this study are

- (i) To develop a conceptual framework of marketing strategies.
- (ii) To study the applicability of marketing strategies in Indian diamond industry.
- (iii) To trace and review the available literature in the area of research.
- (iv) To analyse the influence of various demographic factors of business organizations viz. location, age and size on the marketing mix related practices.

Research Methodology

Research design chosen for the study was an exploratory one. The main objective was to evaluate the impact of organizational demographics viz. location, age and size, on the marketing mix elements in the unorganized sector of Indian Diamond Industry. A sample of 74 organisations

dealing in diamond jewellery and functioning in Mumbai and Surat city was selected. For collecting primary data, a structured questionnaire was prepared. An Index known as Marketing Mix Index (MMI) was developed to assign a numerical score to the business organizations. Various hypotheses were formulated and analysed using appropriate statistical tool. The following operational definitions of the terms were used in the study.

Retail Organisation - A business organizations where well designed products are sold directly to the user of the product.

Older Organisation - The organization established in 20th century i.e. before the year 2000 is termed as older organization.

Younger Organisation - The organisation established in 21st century i.e. in the year 2000 and onwards is termed as older organization.

Small size Organisation - The organization having less than ten employees is termed as small size organizations.

Medium size Organisation - The organization having ten to twenty employees is termed as medium sized organizations.

Large size Organisation - The organization having more than twenty employees is termed as large sized organizations.

Analysis

Once the primary data was collected pertaining to the 74 diamond business organizations of Mumbai and Surat City using structured questionnaire, it was analysed using relevant statistical tools.

Influence of Dependence of location of Business Organisations on Effectiveness of marketing Mix

The respondent organizations were located in two major diamond centers of India. To test whether the organization's characteristics are dependent on their location, following hypothesis was formulated.

H₀₁ Effectiveness of marketing mix elements is independent of location of the organizations.

This hypothesis was tested using Chi-square test of independence at 5% level of significance. Table 1 presents the results of the analysis.

Table 1 : Dependence of Location of Diamond Business Organizations.

Null Hypothesis	Chi-square value			Results
	Calculated	Table value at 5% of significance at df 1	Table value at 1% of significance at df 1	
Ho1	12.147	3.841	6.63	Significant

On the basis of the above result, it can be concluded that effectiveness of the marketing mix elements depend on the location of the business organizations. The business organizations of metropolitan city have different effect as compared with the other city of India. viz. Surat.

Influence of Age of Business Organisations

The respondents organizations were classified into two groups on the basis of their age calculated from the year of their establishment. The following 5 hypotheses were formulated.

- Ho2: Relatively younger and older organizations do not differ significantly with regards to the effectiveness of marketing mix element 'Product'.
- Ho3: There is no significant difference between relatively younger and older organizations with regards to the effectiveness of marketing mix element 'Price'.
- Ho4: Comparatively younger and older organizations do

not differ significantly with regards to the effectiveness of marketing mix element 'Place'.

- Ho5: There is no significant difference between relatively younger and older organizations with regards to the effectiveness of marketing mix element 'Promotion'.
- Ho6: Both the groups of organizations classified agewise do not differ significantly with regards to the effectiveness of aggregate marketing mix elements.

The above hypotheses have been established to find out whether the relatively younger and older organizations differ with respect to the effectiveness of the marketing mix elements viz. Product, price, place and promotion, known as 4 P's of marketing strategy. As the sample size is large (>30 organizations) these hypotheses have been tested using 'z' test for difference of means at 5% level of significance as well as 1% level of significance. The results of analysis are presented in table 2.

Table 2 : Test of Difference of Means between comparatively younger and older organizations.

Null Hypotheses	Calculated -z	Degree of freedom	Result at Level of Significance	
			5%	1%
Ho2	1.398	72	Insignificant	Insignificant
Ho3	2.187	72	Insignificant	Insignificant
Ho4	1.832	72	Insignificant	Insignificant
Ho5	2.765	72	Insignificant	Insignificant
Ho6	2.337	72	Insignificant	Insignificant

The calculated value of all the five hypotheses were compared with the table value which is 2.00 at 5% level of significance and 2.66 at 1% level of significance at degree of freedom 72. The result of the analysis establishes the fact that

1. The hypothesis Ho2 is found insignificant at both

the levels of significance. As such, the hypothesis is accepted. It establishes the fact that the relatively younger and older organizations do not differ significantly with regards to the effectiveness of the marketing mix element 'Product'. This is perhaps due to the fact that all the promoters whether belong to younger or order organizations are interested in

- latest fashion demand of the customers.
2. The hypothesis Ho3 is found significant at 5% level of significance but insignificant at 1% level of significance. The calculated value of 'z' is not so large to reject it at 1% level of significance, so the hypothesis Ho3 is accepted. It establishes the fact that the relatively younger and older organizations do not differ significantly with regards to the effectiveness of the marketing mix element 'Price'. This is perhaps due to the increasing cut-throat competition in the diamond industry also.
 3. At both the levels of significance the hypothesis Ho4 is found insignificant, as such it is accepted. It establishes the fact that the relatively younger and older organizations do not differ significantly with regards to the effectiveness of the marketing mix element 'Place'. This is perhaps due to the advanced consultancy services available to both the groups and increased role of marketing on internet.
 4. The hypothesis Ho5 is rejected at both the levels of significance. It establishes the fact that the relatively younger and older organizations differ significantly with regards to the effectiveness of the marketing mix element 'Promotion'. This is perhaps due to the better awareness of the promoter of younger organization about information and Communication Technology (ICT) related activities, as compared to that of older organization.
 5. The hypotheses Ho6 if found significant at 5% level of significance but not so large to reject it at 1% level of significance. As such, it is accepted. It establishes the fact that the relatively younger and older organizations do not differ significantly with regards to the effectiveness of the aggregate

marketing mix. This is perhaps due to the increased use of broadband and 4G technology of ICT, in the diamond business activities.

Influence of Size of Business Organisations

Strength of the staff members of the organizations was considered as the parameter of classification of the participating organizations in three groups i.e. small, medium and large sized organizations. The following 5 hypotheses were formulated to test the effect statistically.

- Ho7 : Small, medium and large sized organizations do not differ significantly with regards to the effectiveness of marketing mix element 'Product'.
- Ho8 : There is no significant difference among small, medium and large sized organizations with regards to the effectiveness of marketing mix element 'Price'
- Ho9 : Small, medium and large sized organizations do not differ significantly with regards to the effectiveness of marketing mix element 'Place'.
- Ho10 : There is no significant difference among small, medium and large sized organizations with regards to the effectiveness of marketing mix element 'Promotion'.
- Ho11 : All the three groups of organizations classified sizewise do not differ significantly with regards to the effectiveness of aggregate marketing mix elements.

As the sample size is large and organizations are grouped in three categories, all the above hypotheses have been tested using 'F-ANOVA' test for difference of means at 5% level of significance. The results of analysis are presented in table 3.

Table 3 : Test of Difference of Means among Small, Medium and Large size Organizations

Null Hypotheses	Calculated -F	Degree of freedom	Result at Level of Significance	
			5%	1%
Ho7	4.992	2,71	Significant	Significant
Ho8	3.065	2,71	Insignificant	Insignificant
Ho9	3.698	2,71	Significant	Insignificant
Ho10	2.171	2,71	Insignificant	Insignificant
Ho11	5.034	2,71	Significant	Significant

The calculated value of all the five hypotheses were compared with the table value of 'F-ANOVA' which is 3.15 at 5% level of significance and 4.98 at 1% level of significance at degree of freedom (2,71). The result of the analysis resolves the fact that

1. The hypothesis Ho7 is found significant at both the levels of significance i.e.5% level of significance as well as 1%. As such, it is rejected. It establishes the fact that small, medium and large size organizations of diamond industry differ significantly with regards to the effectiveness of the marketing mix element 'Product'.

This is perhaps due to the fact that the large size organizations adopt advanced technology to produce their products of high quality medium size organization manufacture their products or lesser quality and small size organization many deals in demand of the customers, paying attention for quality on their demand.

2. At both the levels of significance, the hypothesis Ho8 is found insignificant, so the hypothesis Ho8 is accepted. It concludes that small, medium and large size diamond organizations do not differ significantly with regards to the effectiveness of the marketing mix element 'Price'. This is perhaps due to the demand of latest fashion trend on competitive price by the customers of diamond industry.
3. The hypothesis Ho9 is found significant at 5% leave of significance but it is not so large to reject the null hypothesis at 1% leave of significance, so the hypothesis Ho9 is accepted. The result of the analysis establishes the face that small size organizations, medium size organizations and large size organizations as classified in terms of their staff strength do not differ significantly with regards to the effectiveness of the marketing mix element 'Place'. This is perhaps due to the facts that increased use of e-marketing has reduced the effect of place of location in modern IT era.
4. The calculated value of 'F-ANOVA' for hypothesis Ho10 is not found sufficiently large to reject the null hypothesis at both the levels of significance. As such, the hypothesis Ho10 is accepted. It established the face that the three group of organizations i.e. small size organizations, medium size organizations and large size organizations do not differ significantly with regards to the effectiveness of the marketing mix element 'Promotion'. This is perhaps due to the use of internet-based marketing techniques which are cheaper as well as wide-spread instantly.

5. The hypothesis Ho11 is tested for aggregate means of difference for all the three groups of organizations and found significant statically at both the level of significance. As such, the hypothesis Ho11 is rejected. It establishes the face that all the three groups of organizations i.e. small, medium and large size organizations differ significantly with regards to the effectiveness of the aggregate marketing mix. This is perhaps due to globalized approach of diamond organizations with the use of broadband and 4G technology of ICT, in the diamond business activities.

Conclusion

The marketing strategies adopted by Indian business promoters are influenced by the organizational demographics. The effectiveness of the marketing mix elements depend on the location of the business organizations. Younger and older organizations differ significantly with regards to the effectiveness of the marketing mix element 'Promotion' Small, medium and large size organizations of diamond industry differ significantly with regards to the effectiveness of the marketing mix element 'Product' as well as effectiveness of the aggregate marketing mix. Quality of products, competitive price, quality certification and use of innovative were considered the dominating factors in the market.

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