

“IIJS” THE MOST TRUSTED BRAND IN INDIAN JEWELLERY SHOWS

RETAIL PERSPECTIVE

The jewellery retail trade has already started witnessing a huge drop in the cash-flow due to the ongoing lockdown. Banks have already cut exposure to the jewellery industry. There is liquidity crunch in the industry and the prevailing crisis will compound the scenario further.

In the present scenario, private equity investors may not be bullish about investing in the jewellery trade. So, unless the jewellers show value to the investors and banking institutions with sustainable business models and regulatory compliance, the industry will continue feeling the liquidity pinch.



VINOD HAYAGRIV,
Managing Director,
C Krishniah Chetty &
Sons (CKC), Bengaluru

Hygiene and sanitisation will be the new watch words after the lockdown is lifted, especially in the retail segment.

Hayagriv is of the opinion that it is imperative to follow the stipulated guidelines set up by the government and World Health Organisation(WHO). The company has demarcated social distancing marked areas for its customers who will visit the showroom for shopping. “Our sales staff will wear masks, gloves and transparent visors to protect our clients at all times.”

In the retail segment, nearly 70% of costs constitute rents, staff salary, etc. Given the fact that overall consumption will continue to remain impacted for at least four to six months, sustenance will be an issue for most retailers. “We will have to observe on a week-by-week basis. In order to see the revenues, build, we are looking to defer or waive rents wherever possible,” noted Hayagriv, adding that fixed salaries will be paid in full without delays even during the lockdown.

“While variables will be tempered in keeping with sales, and if and when the sales return to ‘normal’ we hope to share the gains back with our teams. It’s a sacrifice for all of us. We as directors are reducing our remuneration to 50% for the next three months. Our goal is to ensure all other services, manufacturing, vendor payments are not delayed beyond unavoidable limits due to lockdown, and we will make payments from our contingency funds and reserves. We are a conservative company otherwise. So we will continue to be cautious in our expenditure till normalcy returns. We may not reduce all marketing expenses but will be tempered to sales,” Hayagriv stated.

CKC is gearing up to strengthen its online activities. “We will be making a better sticky app as well and increase our batches from the current 5,000 or so to around 7,500 to allow for more essential purchases being available online. We also have CKC LIVE video-based shopping and are hoping to get more traction there. We will pay home visits where requested and as vehicle movement allows.”

The pandemic is expected to create a deep liquidity crisis post the lockdown. Hayagriv hopes that the banks, RBI, and the government will take more steps that will help businesses better. “We hope our representations will be heeded by the government quickly,” he stated.

Post Covid-19, CKC’s objective is to offer a lot more value to the client - not by way of discounts, but by getting more active on social media and digital platforms. “But going forward, we hope to reach 80% of normal sales in about three months, depending on how the easing of the lockdown is strategized,” Hayagriv predicted.



S AHAMMED,
Chairman,
Malabar Gold and
Diamonds, Kozhikode,
Kerala

Every crisis - even the ongoing Covid-19 pandemic - presents an opportunity to reflect on the journey so far and reorganise the strategy. Ahammed commented, “While battling with the crisis, we have realised how important it is for the business entities to develop a sustainable business model to withstand such sudden shock. Going forward, we’ll intensify our focus on environmental, social and governance aspects while taking key business decisions.”

In general, the margins have always been under pressure in jewellery retail due to rising overheads and input costs coupled with weak consumer sentiment. The scenario has become even more challenging due to the Covid-19 impact on the economy. As a result, the business growth prospect has become further constrained.

“Therefore, we have to focus on streamlining our operations and enhancing our cost-efficiency. We need to be cautious while deploying and managing our assets as cash-flow is affected. We will relook at our supply chain strategy, product strategy and customer acquisition strategy to achieve market competitiveness and strengthen business sustainability,” Ahammed opined.

Extending working capital credit lines to the jewellery industry with flexible terms is a great trade booster for the organized segment of the industry. The government should initiate a dialogue with the jewellery trade bodies to create the ground,” he stated. Malabar will be focusing on enhancing their already established digital platforms to enhance consumer engagement and loyalty.

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