

Brand Loyalty in the Age of Digital Disruption: Jewellery Industry

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Abstract

Advertising plays a vital role in today's competitive marketplace, influencing consumer behavior and shaping decisions, often without conscious awareness. As competition intensifies, businesses increasingly invest in advertising to maintain visibility and relevance. It serves as an essential tool for brands to enhance awareness of their products and services. This study examines the impact of advertising on consumer purchasing decisions within the jewellery industry. A survey of 300 individuals, all financially capable of purchasing jewellery, explores various factors influencing their decisions. Data analysis uses the Structural Equation Modeling (SEM) technique. The research investigates elements such as brand trust, perceived quality, emotional connection, and satisfaction, which shape consumer choices. Additionally, it evaluates the influence of e-commerce experience, social media engagement, product customization, and omnichannel experience on purchasing behavior. The study also considers the effects of user reviews, ratings, and influencer endorsements as critical factors in decision-making. By analyzing these diverse factors, the study provides a comprehensive understanding of how advertising impacts consumer behavior in the jewellery market. The findings offer valuable insights for brands aiming to optimize their advertising strategies to effectively connect with consumers and drive purchasing decisions.

Keywords: Advertisement appeal, Brand loyalty, Customer loyalty, Consumer buying behavior, Jewellery industry

Introduction

The jewellery industry has experienced significant growth in recent years, driven by evolving consumer preferences and increasing demand for personalized and contemporary designs. As a vital component of this sector, advertising plays a pivotal role in influencing consumer purchasing decisions. It serves as a strategic tool for creating brand awareness, building trust, and fostering loyalty among consumers. The complexity of these relationships necessitates a deeper understanding of how advertising impacts consumer behavior, particularly in a market as culturally and economically diverse as the jewellery industry.

In this context, Structural Equation Modeling (SEM), specifically Partial Least Squares SEM (PLS-SEM), provides a robust analytical framework for exploring the intricate dynamics between advertising, perceived value, customer satisfaction, and loyalty. PLS-SEM is well-suited for examining complex causal relationships in scenarios with limited sample sizes or non-normally distributed data, making it an ideal method for this study. By leveraging PLS-SEM, this research investigates the direct and indirect

effects of perceived value on customer loyalty, with customer satisfaction serving as a mediating variable. Advertising strategies in the jewellery sector often appeal to emotional connections, perceived quality, and social status, reflecting the diverse factors that shape consumer decisions. Additionally, the rise of e-commerce, social media engagement, and omnichannel experiences has transformed the way consumers interact with brands. This study delves into these dimensions to provide a comprehensive understanding of the impact of advertising on consumer behavior. By applying PLS-SEM, this research aims to identify key drivers of consumer loyalty and satisfaction, offering actionable insights for brands to optimize their advertising strategies. The findings contribute to both academic knowledge and practical applications, enabling marketers to design more effective campaigns that resonate with consumers and enhance brand equity in the highly competitive jewellery market. As per Ramamrutham et al. (2001), jewellery is an expression of a country's aesthetic and cultural history. Kuriyan (2010) reported that the Indian diamond industry is flourishing due to the increasing demand globally and it stands above the competition. The findings will offer actionable insights for brands seeking to optimize their advertising efforts and strengthen their market presence.

Literature review

The literature on advertisement appeal, brand loyalty, customer loyalty, and consumer buying behavior in the Indian jewellery industry reveals a complex interplay of factors influencing consumer decisions. The studies highlight the significance of brand perception, advertising strategies, and socio-economic influences on purchasing behavior, particularly in the context of gold jewellery, which holds cultural and investment value in India. As per Oxford English dictionary, Advertise means to describe a product, service etc. in the media to increase sales. Advertising word has its origin from the Latin word "Advertere" which means "to turn the mind or intention" i.e. anything which turns one's attention towards itself is called advertising. Advertisement is defined in different ways by different researchers. Mohan (1989) found that it is also an instrument for developing basic motivations to create resources for buying goods and services for generating favourable conditions for acceptance of an idea. Advertising plays a crucial role in shaping consumer perceptions and preferences. Techniques such as celebrity endorsements and emotional appeals are effective in creating brand awareness and loyalty (Shivam, 2024). The impact of advertising is amplified during significant events like festivals and weddings, where consumers are more inclined to purchase jewellery (Raja & Ganesh, 2024). Brand loyalty is influenced by the perceived quality and trustworthiness of the brand. Consumers often prefer established brands due to their reputation for authenticity and quality (Raja & Ganesh, 2024) (K. Balaji & Maheswari, 2011). Loyalty programs and innovative marketing strategies are essential for branded jewellery players to retain customers amidst competition from local jewellers (Poddar & Saranya, 2013). The shift from unorganized to organized retailing is changing consumer preferences, with a growing inclination towards branded jewellery due to better quality assurance and design options (K. Balaji & Maheswari, 2011). Ramesh and Jain (2018) identified trust as a critical factor for brand loyalty in the jewellery industry. Digital platforms need to prioritize transparency in pricing, certifications (e.g., BIS hallmark), and return policies to retain customers. Saxena and Gupta (2019) studied how Indian jewellery brands leverage festivals like Diwali, Akshaya Tritiya, and weddings to drive emotional loyalty. Digital platforms amplify these campaigns through engaging storytelling and visuals. Bansal and Verma (2020) found that third-party reviews and ratings significantly influence brand trust in the digital jewellery space. Economic factors, such as rising gold prices, also affect buying behavior, leading consumers to

consider jewellery as both a luxury and an investment (Poddar & Saranya, 2013). Sinha and Banerjee (2020) studied the role of social media platforms like Instagram and Facebook in shaping consumer perceptions of jewellery brands. Influencers, user-generated content, and direct engagement have become key strategies to build and retain loyalty. Gupta (2021) found that brands leveraging emotional storytelling and aspirational content on social media (e.g., through wedding campaigns) are more likely to gain long-term loyalty from younger consumers. Ravi (2020) noted that the rise of D2C (Direct-to-Consumer) models in the jewellery industry has disrupted traditional retail channels, creating a need for innovative loyalty strategies. Conversely, while brand loyalty and advertising are pivotal, some consumers still prefer traditional goldsmiths for their personalized service and craftsmanship, indicating a potential gap in the market for both organized and unorganized players (Pradeep & Karunakaran, 2021). Kumar et al. (2021) highlighted that digital tools like AI-driven recommendation engines and AR (Augmented Reality) applications (e.g., virtual try-ons by brands like Tanishq and Malabar Gold) have enhanced customer experiences, fostering brand loyalty in the jewellery sector. Sharma and Singh (2020) compared traditional brick-and-mortar jewellery stores with online platforms, noting that traditional stores retain loyalty through personal relationships and customizations, whereas online platforms compete on convenience, transparency, and competitive pricing. Chopra and Gupta (2021) argued that heritage and reputation remain essential for jewellery brands in India, but these need to be complemented by digital innovations to appeal to younger, tech-savvy customers. Mishra (2022) emphasized the importance of omni-channel experiences, where consumers prefer seamless transitions between online and offline shopping, enhancing loyalty. Gupta and Narayan (2020) found that digital platforms make price comparisons easier, which often leads to reduced loyalty as consumers prioritize value over brand attachment. Rao et al. (2019) emphasized that the presence of counterfeit jewellery online impacts consumer trust and brand loyalty, making it imperative for brands to highlight authenticity. Mehta and Rao (2020) observed that jewellery brands that align themselves with cultural events (e.g., weddings, festivals) tend to maintain stronger emotional loyalty. Digital platforms often capitalize on this by running culturally resonant campaigns. Verma and Jain (2021) argue that brands that use AI and big data to deliver hyper-personalized shopping experiences, such as recommendations based on past purchases, will see improved retention rates. Choudhary and Singh (2022) highlighted the rising importance of sustainability and ethical sourcing in the jewellery industry, which influences loyalty among environmentally conscious consumers. Chatterjee and Banerjee (2022) found that the abundance of advertisements and promotional messages in digital channels often overwhelms consumers, diluting brand recall and loyalty. Companies must adopt focused, meaningful campaigns to cut through this noise. Nambiar and Rao (2021) found that customers expect seamless transitions between online and offline channels. Jewellery brands that fail to offer unified experiences risk losing customer loyalty. Das and Verma (2022) argued that digitization has increased customer expectations for faster delivery, easy returns, and real-time support, which require brands to innovate continuously. Mehra and Kapoor (2023) discussed the rise of digital-first direct-to-consumer (D2C) jewellery brands offering competitive pricing and personalized experiences, challenging traditional brands to retain customer loyalty. Nair et al. (2022) studied how exclusive digital collections launched on these platforms help build excitement and brand equity. Sharma and Desai (2021) argued that digital campaigns focusing on sustainability and ethical practices improve brand perception, contributing to long-term loyalty.

Research Methodology

Variables	Brand loyalty	Perceived value	Customer satisfaction
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The methodology for this research focuses on the use of Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine the relationships among Perceived Value (PV), Customer Satisfaction (CS), and Loyalty (L). Below is a detailed outline of the research methodology: This study employs a quantitative, cross-sectional research design to explore the causal relationships among the constructs in the proposed conceptual framework. The model investigates the direct and indirect effects of Perceived Value on Loyalty, with Customer Satisfaction serving as a mediating variable.

Hypothesis

H1: Perceived Value (PV) → Customer Satisfaction (CS) **Perceived Value (PV) significantly influences Customer Satisfaction (CS).**

H2: Perceived Value (PV) → Loyalty (L) **Perceived Value (PV) significantly influences Loyalty (L).**

H3: Customer Satisfaction (CS) → Loyalty (L) **Customer Satisfaction (CS) significantly influences Loyalty (L)**

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.896
	Approx. Chi-Square	3905.795
Bartlett's Test of Sphericity	df	561
	Sig.	.000

The results of the KMO and Bartlett's Test confirm that the data meets the necessary criteria for factor analysis. The high KMO value reflects the adequacy of the sample, and the significant Bartlett's Test confirms that the variables are interrelated and suitable for identifying underlying factors. Factor analysis showed total variance explained with 7 factors.

Factor loading

Rotated component matrix

E-commerce promotion			
Positive reviews	0.792		
Omni channel experience	0.759		
Customization			
Perceive quality	0.759		
User reviews and ratings	0.757		
Social media engagement	0.740		
Brand trust			
Credible reviews	0.735		
Emotional connection			
Quality assurance	0.729		
AI-trustworthiness	0.717		
Online shopping experience		0.704	
Personalized recommendation		0.752	
		0.702	
		0.737	
			0.791
			0.726

Factor 1 : Loyalty

- Variable 1 : E-promotion
- Variable 2 : Positive reviews
- Variable 3 : Omni channel experience
- Variable 4 : Customization
- Variable 5 : Perceived quality
- Variable 6 : User reviews and ratings
- Variable 7 : Social media engagement
- Variable 8 : Brand trust

Factor 2 : Purchase influencers

- Variable 1 : Credible reviews

Factor 3 : Emotional influence

- Variable 1 : Emotional connection

Factor 4 : Digital engagement

- Variable 1 : Online shopping experience

Factor 5 : Customer engagement

- Variable 1 : Personalized recommendation

Factor 6 : Trust factors

- Variable 1 : Quality assurance

Factor 7 : AI & influencer's impact

- Variable 1 : AI-trustworthiness

Validity and Reliability Testing of Instruments

	Cronbach’s alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CS	0.806	0.843	0.829	0.801
L	0.913	0.927	0.928	0.915
PV	0.721	0.769	0.789	0.778

Table 1

Based on the Table 1 measuring internal consistency using Cronbach's Alpha reveals that each construct has an alpha value above the widely accepted threshold of 0.7, which indicates adequate internal consistency among the items used to measure the construct. All constructs (CS: 0.806, L: 0.913, PV: 0.721) meet the threshold, indicating good internal consistency. Composite reliability assesses the overall reliability of a construct. Values above 0.7 indicate adequate reliability. CS, L, and PV have rho_a and rho_c values above 0.7, confirming the constructs are reliable. Average variance extracted (AVE) measures convergent validity, assessing the amount of variance captured by a construct compared to the variance due to measurement error. A value above 0.5 indicates sufficient convergent validity. CS (0.801) and PV (0.778) exceed the threshold, indicating strong convergent validity. L (0.566) barely meets the threshold, suggesting moderate convergent validity. The reliability and validity measurements provide a robust foundation for understanding the quality and consistency of variables within the measurement model of the study.

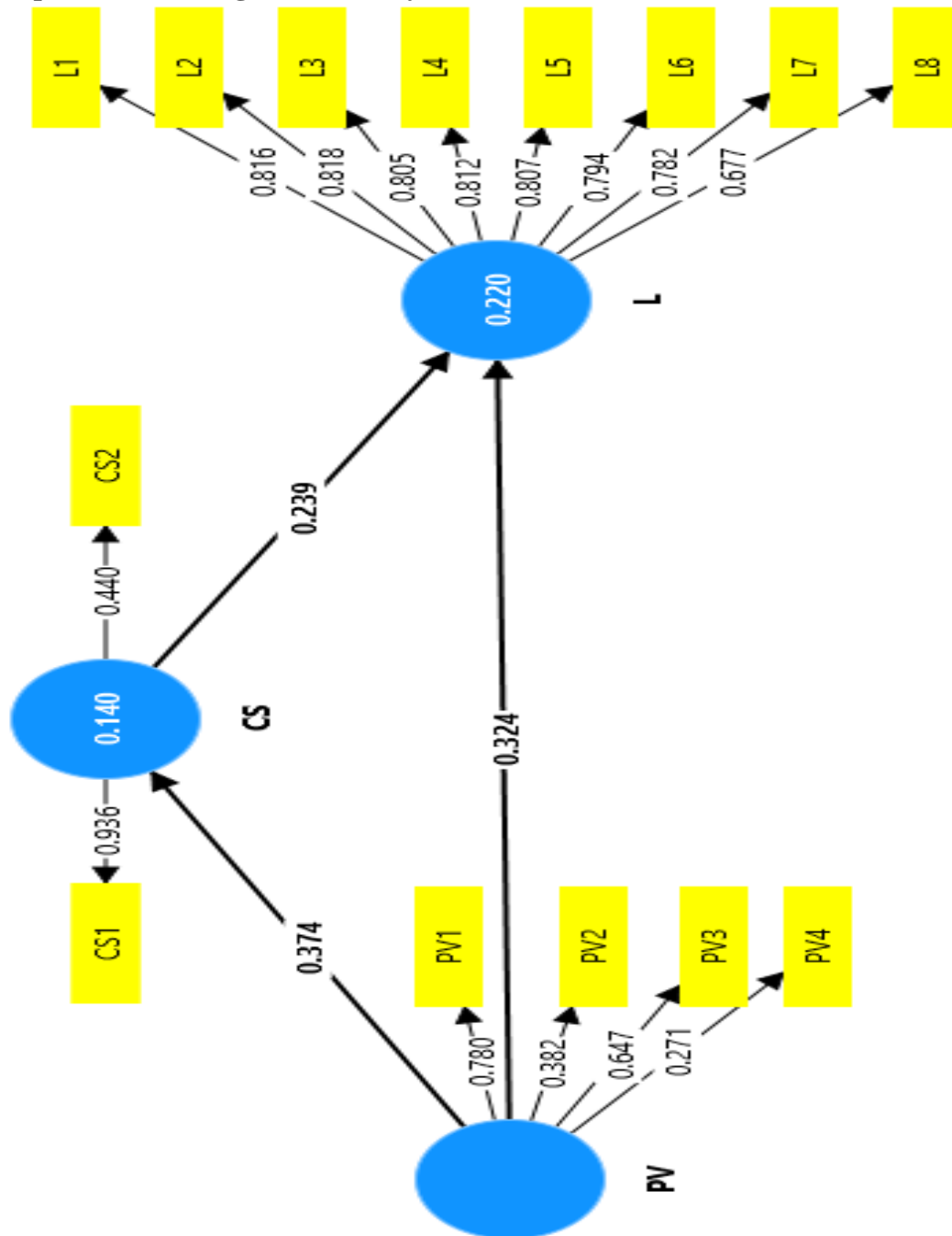
Discriminant validity Heterotrait-monotrait ratio (HTMT)

	Heterotrait-monotrait ratio (HTMT)
L <-> CS	0.549
Pv <-> CS	0.621
Pv <-> L	0.601

Table 2

Based on the research results in Table 2, the Heterotrait-Monotrait Ratio (HTMT) value in the analysis functions as an indicator of discriminant validity, which is very important to ensure that the constructs measured in this research are different from each other. The following interpretations are based on the HTMT values provided: L <-> CS, the HTMT value is 0.549 well below the 0.85 threshold, indicating good discriminant validity between loyalty (L) and customer satisfaction (CS). These constructs are distinct. Pv <-> CS, the HTMT value is 0.621 below the 0.85 threshold, demonstrating good discriminant validity between perceived value (Pv) and customer satisfaction (CS). These constructs are sufficiently distinct. Pv <-> L, the HTMT value is below 0.601 the 0.85 threshold, showing good discriminant validity between perceived value (Pv) and loyalty (L). These constructs are distinct.

Structural Equation Modeling (SEM) Analysis with SmartPLS



The SEM analysis conducted using SmartPLS to examine the relationships between the constructs: Perceived Value (Pv), Customer Satisfaction (CS), and Loyalty (L). The structural model and measurement indicators are presented in the above Figure . The analysis utilizes SmartPLS as a robust statistical tool for investigating complex relationships among variables, particularly suitable for studies with limited sample sizes or non-normally distributed data. The structural model was evaluated using path coefficients and R² values to determine the relationships and explanatory power of the endogenous variables. Path Coefficients: Pv → CS (0.374): Perceived Value moderately strong effect on Customer Satisfaction. CS → L (0.220): Customer Satisfaction has a moderate effect on Loyalty. Pv → L (0.324): Perceived Value directly impacts Loyalty with a moderate strong effect, indicating its critical

role in driving loyalty. R² Values: CS (0.140): Perceived Value explains 14% of the variance in Customer Satisfaction, indicating a moderate explanatory power. L (0.220): Perceived Value and Customer Satisfaction together explain 22% of the variance in Loyalty, reflecting a moderate level of prediction. The findings emphasize the critical role of Perceived Value in driving both Customer Satisfaction and Loyalty. While Customer Satisfaction positively impacts Loyalty, its effect is weaker compared to the direct influence of Perceived Value. These results suggest that businesses should prioritize enhancing customers' perceived value to strengthen satisfaction and loyalty. This structural model provides a robust framework for understanding the dynamics between these constructs and offers actionable insights for improving customer experience strategies.

Conclusion

This study explores the intricate dynamics of consumer behavior in the jewellery industry, focusing on the impact of advertising on perceived value, customer satisfaction, and loyalty. Using Partial Least Squares Structural Equation Modeling (PLS-SEM), the findings highlight the significant role of perceived value as a key driver of both customer satisfaction and loyalty. The analysis demonstrates that : Perceived Value (PV) has a moderate and direct influence on both Customer Satisfaction (CS) and Loyalty (L), underlining its critical importance in shaping consumer decisions. Customer Satisfaction (CS) mediates the relationship between Perceived Value and Loyalty but exhibits a relatively weaker direct effect on Loyalty compared to Perceived Value's direct influence. The model explains 14% of the variance in Customer Satisfaction and 22% of the variance in Loyalty, reflecting moderate explanatory power for these constructs. The study further reveals that advertising strategies centered on enhancing perceived quality, emotional connections, and brand trust significantly influence consumer loyalty. Factors such as social media engagement, e-commerce experiences, product customization, and user reviews play pivotal roles in shaping consumer decisions, particularly in the context of digital disruption. The research confirms the validity and reliability of the measurement constructs, with high internal consistency and discriminant validity established through Cronbach's Alpha, Composite Reliability, and HTMT ratios. These findings offer actionable insights for marketers in the jewellery industry : Enhance Perceived Value: Invest in advertising campaigns that emphasize product quality, emotional connections, and brand trust to drive loyalty. Focus on Digital Strategies: Leverage social media engagement, user reviews, and omnichannel experiences to connect with modern consumers. Strengthen Satisfaction Drivers: While customer satisfaction has a weaker impact on loyalty, it remains crucial for ensuring long-term consumer relationships. In conclusion, the study underscores the transformative potential of well-crafted advertising strategies in fostering brand loyalty within the jewellery sector. By prioritizing perceived value and adapting to the digital landscape, businesses can build stronger emotional and functional connections with consumers, ultimately driving sustainable growth and competitive advantage in an increasingly dynamic market.

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