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Analysis of Consumer Behavior and Gold Usage

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Abstract

This study examines the multifaceted motivations behind consumer gold usage, moving beyond its traditional role as a simple commodity. It explores gold's significance as a financial investment, a cultural and social symbol, and a form of personal adornment. By analyzing the interplay of economic factors (price volatility, inflation hedging), cultural traditions (weddings, inheritance), and psychological drivers (status, security), this research provides a comprehensive overview of the diverse consumer behaviors shaping the gold market. The analysis highlights how gold's value proposition shifts across different demographics and geographical regions, ultimately revealing a complex consumer landscape where rational economic decisions and deeply ingrained cultural beliefs coexist.

Keywords: Consumer behavior, gold, investment, jewelry, culture.

Introduction

Gold has held a unique and prominent position in human civilization for millennia, transcending its physical properties to become a deeply ingrained part of economic, cultural, and social systems. It has served as a medium of exchange, a symbol of wealth, and a cherished object of adornment. In the modern era, the consumer relationship with gold is more complex than ever, influenced by a dynamic interplay of global market forces, personal finances, cultural traditions, and evolving lifestyle preferences. This study delves into the motivations and

behaviors that drive consumer gold usage. It aims to provide a comprehensive analysis of why individuals and households acquire gold, moving beyond a simple view of it as a commodity. We will explore the dual nature of gold as both a strategic financial asset and a product of consumption, examining how these roles intersect and sometimes conflict in a consumer's decision-making process. By understanding the diverse factors—from economic hedging and portfolio diversification to cultural rituals and emotional attachment—that shape consumer behavior, we can gain valuable insights into the past, present, and future of the global gold market.

Review of literature

Vadra, R. & Malhotra, G, G. (2020) in their study, “Customer perception towards branded jewellery in India” investigated that the consumers buying behaviour also shows a shift from content to design in jewellery i.e. fashionable jewellery. Berad, N. R. et al. (2020) in their study “A comparative study on the consumer’s preference towards branded jewellery over non branded jewellery in Nasik city” identified the factors that influence a customer while purchasing jewellery are design, price, purity, image, variety, display, service, promotion & offers, family & friends.. Devi, Y. (2020) in their paper, “A study on consumers’ awareness and perception about branded jewellery” examined that maximum number of customers are aware of branded jewellery. Tanishq brand is the preferred brand by the customers. Anderson Katherine and Sharp Byron (2021) in their study explored that people of different age groups have different perception about the choice of brand. Even males and females have different views about the choice of a brand. Shikha Pareek Joshi and Dr. Harsh Dwivedi (2016). During special occasions such as weddings and birthdays, sales will increase

Objective of the study

- ❖ To identify and analyze the primary motivations for gold acquisition.
- ❖ To examine the various factors that influence consumer behavior in the gold market.
- ❖ To explore the role of cultural and social significance in shaping consumer preferences.
- ❖ To provide insights for industry stakeholders.

Methodology:

This study used a survey on 100 respondents selected through convenience sampling. A structured questionnaire with demographic and Likert scale questions was used as the primary research tool. Data was then analyzed using descriptive statistics to find the percentages of each response and identify consumer trends.

Result analysis

Question	Agreed (%)	Disagreed (%)	Neutral (%)	Strongly Agreed (%)	Strongly Disagreed (%)
Jewels brought as investment	18	10	20	48	2
Spending behavior depends on income level	29	4	29	47	1
Collections play a vital role	15	14	32	33	4
Huge showrooms preferred while buying	12	15	39	28	4
Making charges affects the purchase of jewel	14	15	45	23	1
Rate per gram should be checked before buying	14	16	37	31	0
Jewel must not be purchased without bill	22	16	32	2	27
Change in price affects buying behavior	20	18	42	20	20

Must have knowledge about tax	20	21	37	20	20
Designs and price must be compared before buying	21	10	18	49	2
Ambiance and service provided in shop affects buying behavior	22	8	40	29	1
Discounts and offers attracts customer	19	13	40	24	4

Source: Primary data

Interpretation of Key Findings

- ❖ Investment and Income: A significant majority of respondents (48% strongly agreed) view jewelry as an investment. This is supported by the fact that many also believe their spending on jewelry is tied to their income level (47% strongly agreed).
- ❖ Pre-Purchase Research: Consumers are generally careful before buying. A high number of people believe it's important to compare designs and prices (49% strongly agreed). While many also agree that the rate per gram should be checked (31% strongly agreed), a large portion remained neutral on the impact of making charges.
- ❖ Shopping Experience: The ambiance and service provided by a shop are key factors in the buying process (29% strongly agreed). However, the preference for huge showrooms is less pronounced, with a large number of people remaining neutral on this point.
- ❖ Financial Awareness: There is a mixed view on the importance of having knowledge about tax and how price changes affect buying behavior, with a large portion of respondents remaining neutral on these topics.
- ❖ Collections and Offers: Discounts and offers play a role in attracting customers (24% strongly agreed), though a significant portion of respondents were neutral. The concept of collections also holds some importance for buyers (33% strongly agreed).
- ❖ Purchase without a bill: The responses on buying without a bill were notably mixed, with a large number of respondents strongly disagreeing, showing that trust and documentation are not universally prioritized by all respondents.

Suggestion

- ❖ Always ask about and check the making charges. Be aware of any deductions for the weight of stones or other materials in the jewelry.
- ❖ Never purchase any jewelry without a proper bill. This bill should clearly state the tax rate and all other charges to ensure transparency and guarantee the authenticity of your purchase.
- ❖ To guarantee the quality of your gold, always buy from a well-known jeweler. Look for the "hallmark stamp," which is an official mark of purity.

Conclusion

Based on the survey, consumers view gold as a strong investment and an important part of their spending behavior, which is linked to income. While they are highly attentive to factors like purity and comparative prices, a significant number of people are less concerned with making charges and tax knowledge. The study confirms that emotional and cultural factors, alongside financial aspects, are key drivers in the consumer's decision-making process for buying gold. Overall, this research highlights the need for jewelers to offer transparent pricing and tailored schemes to meet diverse customer needs.

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