

A Study on Consumer's Perception Towards Gold Price Fluctuations

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Abstract

Gold is a common investment option and a traditional asset that contributes significantly to Indian economical living. Gold prices have fluctuated more frequently throughout time because of shifting worldwide profitable conditions, interest rates, and request queries. These continuous fluctuations in gold prices have a direct effect on consumer perception, coping mechanisms, and investment decisions. The current study aims to investigate how visitors perceive shifts in the price of gold and how these shifts affect their thoughts about what to buy. The study also seeks to understand the psychological effects of price volatility on visitors and identify the key factors influencing gold prices in a dynamic request environment. A structured questionnaire was distributed to a selected sample of respondents in order to collect the study's primary data.

The study focuses on customer's knowledge of changes in the price of gold, how they make purchases when prices are rising or dropping, and the psychological effects of price volatility. The results show that changes in the price of gold have a significant impact on how consumers perceive and make purchases. According to the study's findings, the majority of customers keep a careful eye on gold prices before making investments or purchases. The findings help marketers, investors, and jewellers better understand how customers behave in a volatile gold market.

Keywords: Gold Price Fluctuations, Consumer Perception, Buying Behaviour, Investment Decision, Psychological Impact.

INTRODUCTION

Consumer perception of gold has been unique and significant, especially in countries like India where it is regarded as a symbol of affluence, security, and cultural heritage in addition to being a valuable metal. In contrast, a variety of domestic and international factors, including inflation, interest rates, currency fluctuations, geopolitical conflicts, and shifts in the global economy, have an impact on gold prices. Customers may view gold as a wise investment when prices rise sharply. But because they can't afford it, they might also postpone or cut back on their purchases. On the other hand, when prices decline, buyers may think it's a good time to buy gold because they anticipate a price increase. The demand for gold is impacted by these various price fluctuations because they influence consumer's perceptions of risk, value, and when to purchase. Policymakers, investors, jewellers, and financial institutions must all comprehend how customers view fluctuations in gold prices.

Market trends and the total demand for gold are greatly influenced by consumer attitudes,

awareness, and expectations. The purpose of this study is to examine how consumers view changes in gold prices, what influences these perceptions, and how these perceptions impact their purchasing and investment choices. The study's conclusions can offer insightful information for creating successful marketing plans, pricing schemes, and policy choices pertaining to the gold market.

STATEMENT OF THE PROBLEM

Changes in economic and market situations have caused periodic swings in gold prices. These variations cause uncertainty among consumers and influence their purchasing decisions throughout periods of rising and dropping pricing. Frequent fluctuations in gold prices have a psychological impact on consumers, such as panic, perplexity, and hesitancy in purchasing decisions. Furthermore, different economic and market factors influence gold prices in a volatile environment, influencing customer perception. As a result, this study aims to better understand consumer's perceptions of gold price variations by

looking at their purchasing habits, psychological impact, and the variables influencing gold pricing in a turbulent market.

SCOPE OF THE STUDY

The scope of the study is to investigate how consumers perceive fluctuations in the price of gold, with a particular emphasis on how they make purchases whether those prices are rising or falling. The study aims to understand the psychological effects of frequent variations in gold prices on customer confidence, perception of risk, and investment decisions. It also examines the main factors market fluctuations, inflation, economic conditions, and global uncertainty that people think influence gold prices in a volatile market. The study is restricted to a subset of respondents within a certain geographic area and is based on primary data supported by secondary sources. The study's findings are meant to assist legislators and investors in better understanding how customers respond to changes in the price of gold.

OBJECTIVES

- To study consumer's buying behaviour during rising and falling of gold price.
- To study the psychological impact on consumer due to frequent changes in gold price.
- To examine Factors Influencing Gold Price in volatile markets.

RESEARCH METHODOLOGY

i.Sources of data

This data is based on Primary and Secondary data.

ii.Data Collection Method

• Primary data

The core data for this study comes from consumers who acquire gold, including investors and regular buyers. The data is gathered via a structured questionnaire designed to address the study's objectives. This data provides direct insights into customer attitudes, perceptions, and decision-making processes.

• Secondary data

Secondary data is gathered from pre-existing sources including journals, books, newspapers, websites, and public information about

changes in the price of gold and consumer behaviour.

iii.Area of the study

The survey, which is conducted in Coimbatore City, focuses on how customers view changes in the price of gold. Respondents are chosen from different parts of Coimbatore city in order to learn about their opinions on price changes, consumer attitudes, investment behaviour, and purchasing decisions.

iv.Sampling Size

The sample size for the study consisted of 100 respondents, sourced from both rural and urban locations to reflect consumers with diverse views and buying habits regarding gold price changes.

v.Period of study

November 2025 - January 2026

vi.Statistical tools of the study

- Simple percentage analysis
- Chi-square
- ANOVA (Analysis of Variance)

LIMITATIONS OF THE STUDY

- The study is based on self-reported data which could not always accurately reflect real purchasing behaviour.
- The consistency of responses could be impacted by the study period's rapid volatility in gold prices.

REVIEW OF LITERATURE

The Study "Gold Investment-Perception & Preference of Consumers by Dr.Rashmi Paranjpye, Apoorva Ambhore, and Bharat Raghuvanshi's 2020¹ ,paper explores consumer attitudes and preferences on gold investment in India. Both primary and secondary data were used in the study. 100 respondents provided primary data using a standardized questionnaire. Simple Excel tools like charts and percentages were used to analyse the data. According to the results, 55% of respondents knew about gold exchange-traded funds (ETFs), and 88% of respondents were under 30. Approximately 72% thought investing in gold was risk-free. 36% invested in actual gold, with SBI Gold Fund and HDFC Gold Fund being the most well-liked, whereas 43% preferred gold funds. A growing preference for contemporary gold investment routes such as ETFs, E-Gold,

SGBs, and Gold Mutual Funds was indicated by the emergence of returns, safety, and liquidity as major motivators.

The Study "**Customer Attitudes Towards Gold Jewellery: Branded and Non-Branded Perspectives**" by Archana Yadav and Dr. Preeti Garg 2025², explores consumer preferences for both branded and non-branded gold jewellers. A structured questionnaire was utilized to gather primary data from 140 respondents in Gurgaon for the descriptive study, which also incorporated secondary data. The Chi-square test and descriptive statistics were used to analyse the data. The results indicate that purchases of gold jewellery are dominated by women (55%) and people in the 25–35 age range. Because of their reputation, trust, range of designs, and hallmark certification, about 58.57% of consumers favoured branded jewellers. Nonetheless, 41.42% of consumers selected non-branded jewellers because of their reduced costs, local credibility, and personalized services, underscoring the advantages of both markets.

The Study "**Consumer Purchasing Behaviour Towards Gold Jewellery**" by Ms.K.Madhu Shree and Dr.M.Kalimuthu 2021³, investigates Coimbatore City consumer's shopping habits. The study's objectives were to examine respondent's socioeconomic profiles and pinpoint the variables influencing their purchases of gold jewellery. Likert scale methods and basic percentages were utilized to analyse the data, which included both primary and secondary sources. The results show that the market for gold jewellery is very consumer-focused and impacted by shifting lifestyles and fashion. Quality, design, billing transparency, and customer service are highly valued by consumers. The study comes to the conclusion that while gold jewellery still has significant cultural significance, jewellers need to be trustworthy, genuine, and honest in order to stay competitive.

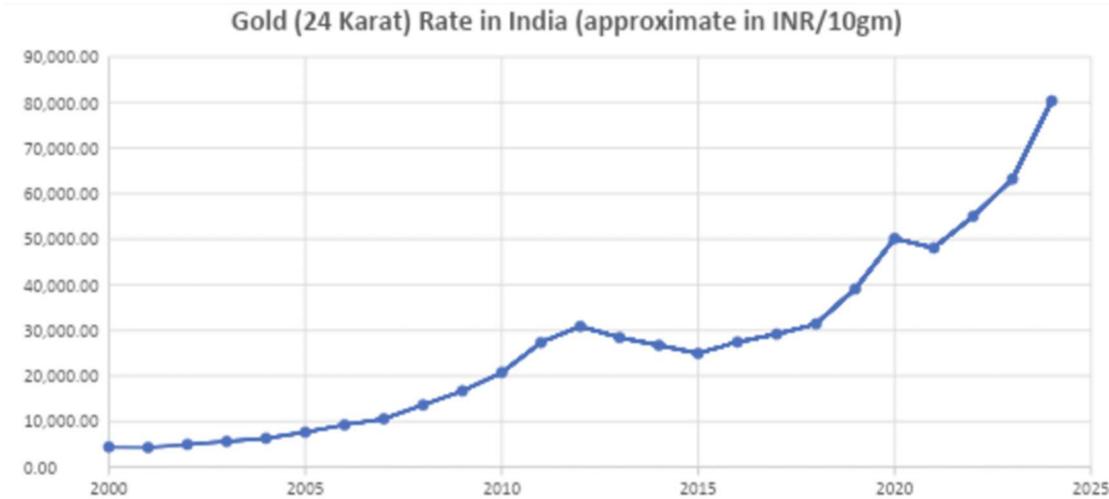
The Study "**Investor Buying Behaviour Towards Gold Investment: A Descriptive Study**" by Ramesh Kumar 2024⁴, explores investor's knowledge, actions, and choices regarding gold

investments. A structured questionnaire was used to gather primary data from 80 respondents in Hisar, Haryana, as part of the study's descriptive research approach. Simple statistical tools including frequency distribution, charts, and percentage analysis were used to analyse the data. The results show that investors view gold as a secure, low-risk investment that works well as an inflation hedge. Gold ETFs and other contemporary investment products are becoming more popular, even if conventional gold investment methods continue to be the most popular. The study comes to the conclusion that investor's strong positive impression of gold is reinforced by demographic factors such as age, gender, knowledge, and culture, which have a substantial impact on investment decisions.

"Do Macroeconomic Factors Influence the Volatility of Gold Prices? An Empirical Study" by Sathish Pachiyappan and Chandrakala G 2022⁵, examines the influence of selected macroeconomic variables on gold price volatility in India. The study adopted a descriptive and analytical research design using monthly data from 2015 to 2019. Gold price was treated as the endogenous variable, while WPI, exchange rate, long-term interest rate, unemployment rate, and S&P BSE SENSEX were considered exogenous variables. The results show that the exchange rate, SENSEX, and gold prices are positively and significantly correlated. On the other hand, there is a considerable negative correlation between gold prices and the long-term interest rate, unemployment rate, and WPI. The study concludes that macroeconomic factors play a significant role in determining gold price volatility in India.

GOLD PRICE FLUCTUATIONS ACROSS YEARS

India's gold prices have fluctuated significantly throughout time as a result of numerous international, political, and economic reasons. Analysing purchasing and investment behaviour requires an understanding of how gold prices fluctuate over time and how consumers perceive these shifts.



Source: December 11, 2024 . By [Divya Biswal @ Kuvera](#)

- **2000 – 2005:** Gold prices grew slowly and stayed comparatively low.
- **2006 – 2011:** There was a noticeable spike in the price of gold, mostly as a result of rising investment demand and unpredictability in the world economy.
- **2012 – 2015:** Prices exhibited a trend of decline and volatility, suggesting market corrections.
- **2016 - 2019:** Investor confidence has returned, as evidenced by a steady price growth.
- **2020 - 2021:** The COVID-19 pandemic, unstable economic conditions, and rising demand for safe-haven assets all contributed to a dramatic surge in gold prices.
- **2022 - 2024:** Due to inflation, geopolitical unrest, and concern about the state of the world economy, prices kept rising sharply and reached all-time highs.

Consumers have started to see gold as a secure investment rather than mere ornamental jewellery during times of price increases. Many consumers exhibit cautious purchasing behaviour during periods of price instability, favouring small quantities or delaying purchases. Consumers typically increase their purchases when prices decline or level off because they anticipate future price increases.

DATA ANALYSIS & INTERPRETATION

Table 4.1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

DEMOGRAPHIC VARIABLE	CATEGORY	NO. OF RESPONDENTS	PERCENTAGE (%)
AGE	Below 20	4	4
	21 – 30	62	62
	31 - 40	34	34
GENDER	Male	40	40
	Female	60	60
EDUCATIONAL QUALIFICATION	School level	12	12
	Diploma	20	20
	UG	50	50
	PG	18	18
MONTHLY INCOME	Below Rs.20,000	12	12
	Rs.20,000-Rs.30,000	60	60
	Rs.31,000-Rs.40,000	28	28

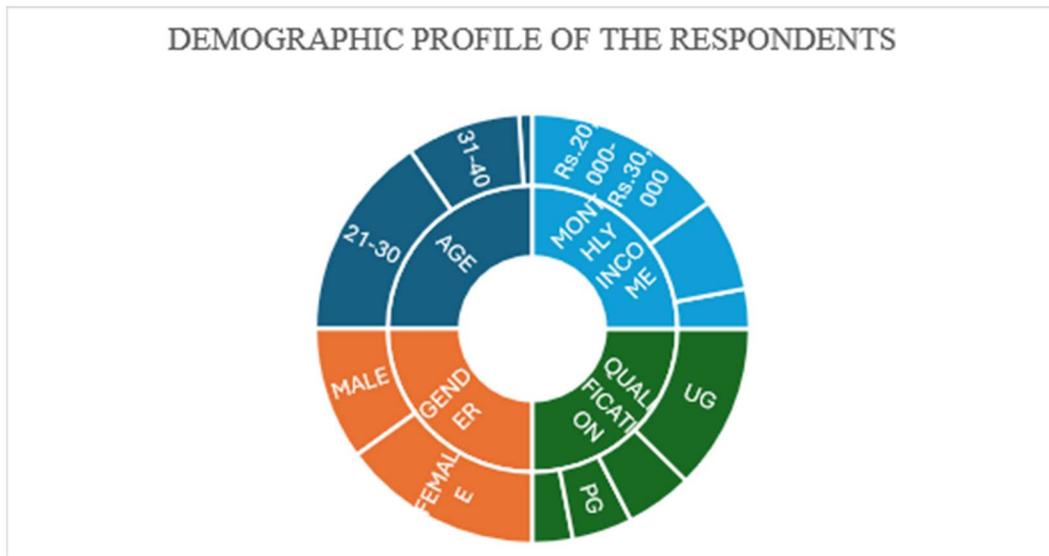


CHART 4.1

INTERPRETATION

The analysis shows that saving for the future is the primary reason respondents purchase gold (40%). This implies that gold is generally regarded as a secure investment. Twenty-four percent of cultural and traditional interpretations highlight the emotional and social value of gold. A moderate level of investing awareness is shown by the equal representation of jewellery and investment motivations at 18%.

Table 4.2 RELATIONSHIP BETWEEN GENDER AND INFLUENCE ON PURCHASE DECISION DURING GOLD PRICE FLUCTUATION

4.2.1 OBSERVED FREQUENCY TABLE (O)

GENDER	BUY	NOT TO BUY
Male	30	20
Female	40	10
Total	70	30

4.2.2 EXPECTED FREQUENCY TABLE (E)

GENDER	BUY	NOT TO BUY
Male	35	15
Female	35	15

4.2.3 CHI-SQUARE CALCULATION TABLE

GENDER	O	E	(O - E)	(O - E) ²	(O - E) ² / E
Male -Buy	30	35	-5	25	0.71
Male- Not to Buy	20	15	5	25	1.67
Female-Buy	40	35	5	25	0.71
Female-Not to buy	10	15	-5	25	1.67
Total χ^2					4.76

INTERPRETATION

The table value of 3.84 is less than the computed Chi-square value of 4.76 at the 5% level of significance. This demonstrates that there is a significant correlation between purchasing behaviour and gender. The results indicate that compared to male respondents, female respondents are more likely to make purchasing decisions.

Table 4.3 DIFFERENCES IN CONSUMER’S PERCEPTION TOWARDS GOLD PRICE FLUCTUATIONS BASED ON INCOME LEVEL

SOURCE OF VARIATION	SUM OF SQUARES	DEGREES OF FREEDOM	MEAN SQUARE	F VALUE
Between Income Groups	240	2	120	4.85
Within Income Groups	2380	97	24.54	-
Total	2620	99	-	-

INTERPRETATION

According to the ANOVA results, at the 5% level of significance, the computed F value (4.85) is higher than the table value. The null hypothesis is therefore disproved. This suggests that customer's perceptions of gold price variations vary significantly depending on their income level, suggesting that income has a considerable impact on gold investment and buying behaviour.

FINDINGS

- The primary motivation for buying gold is saving for the future (40%), suggesting that gold is regarded as a safe investment, Traditional and cultural grounds make up 24%, while investment and jewellery motives each contribute 18%.
- At the 5% level of significance, the computed Chi-square value (4.76) is higher than the table value (3.84), indicating a substantial correlation between gender and purchasing behaviour. When it comes to buying gold, female respondents are more active.
- The ANOVA findings (4.85) is greater than the table value at the 5% level, which demonstrates that consumer's perceptions and actions change, which are strongly influenced by their income level.
- The aggregate results show that because of its stability, cultural significance, and anticipated long-term security, gold continues to be a preferred financial asset across all demographic groups.

SUGGESTIONS

Financial institutions and gold marketers should highlight the cultural and traditional significance of gold while also promoting it as a secure and dependable long-term investment. Gender differences in purchasing behaviour allow for the customization of marketing methods to better engage female consumers, who are crucial

decision-makers. In order to satisfy a variety of consumer motivations, products should be created to balance both ornamental and investment value. Since awareness of changes in the price of gold is not greatly influenced by income levels, educational and awareness campaigns can be applied consistently to all income levels. All things considered, financial literacy combined with culturally appropriate marketing can promote confident and well-informed gold purchases.

CONCLUSION

The survey indicates that consumers maintain a stable and positive perception of gold despite frequent price fluctuations. Gold is regarded as a safe and reliable investment option in addition to being a traditional asset. Price fluctuations impact when purchases are made rather than decreasing the demand for gold overall. The study shows that demographic factors like income and gender have significant effects on consumer perception. Consumers of all backgrounds closely monitor shifts in the price of gold. All things considered, gold continues to be a popular investment in volatile markets.

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