

A Study on Effect of Price Fluctuations and Consumer Buying Behavior Toward Gold Jewels

Mrs Sembakalakshmi S.J¹, Mr.N.Aadhi krishnaa²

¹M.Com IB., (Ph.D.), Assistant Professor, Department of commerce with banking & Insurance, Sri Ramakrishna College of Arts & Science

²III B. Com B&I, Department of Commerce with Banking & Insurance, Sri Ramakrishna College of Arts & Science, Coimbatore.

Abstract:

This study aims to examine the effects of gold price fluctuations on consumer behavior. The research utilizes a quantitative approach by collecting primary data from a sample of consumers through a survey questionnaire. The study explores how fluctuations in gold prices impact consumer spending habits and their attitudes towards purchasing gold as an investment. The research also investigates the factors that influence consumer decision-making in response to gold price fluctuations. The findings of this study could be valuable for policymakers, investors, and financial institutions to better understand the impact of gold price fluctuations on consumer behavior and to develop effective strategies to manage risks and take advantage of market opportunities. Additionally, the research could assist retailers and manufacturers of gold products in developing strategies to respond to consumer behavior during periods of price volatility.

Keywords: buying behavior, price fluctuations, gold price

INTRODUCTION:

Gold jewelry is a priceless and well-liked item that has been worn for beauty and utilised as an investment for thousands of years. Many variables, such as economic conditions, geopolitical developments, and shifts in supply and demand, can cause variations in the price of gold. The value of gold jewellery can be significantly impacted by these changes. Gold jewelry's worth rises along with the price of the metal, making it a more valuable item. In contrast, gold jewellery loses value when the price of gold rises, making it a less valuable item. Both the buying and selling of gold jewellery may be impacted by this. Given that the price of gold is frequently seen as a leading indicator of economic stability and has the power to influence currency exchange rates, price variations in gold jewellery may also have an effect on the worldwide market. Price changes can also affect the supply and demand for gold jewellery because people may be more or less willing to buy gold jewellery based on how valuable they believe it to be. The world economy as a whole, as well as individual investors, may be significantly impacted by price variations in gold jewels.

OBJECTIVES OF THE STUDY:

- To examine the relationship between gold price fluctuations and consumer spending behavior.
- To investigate the impact of changes in gold prices on consumer confidence and perception of the economy.

- To determine the extent to which gold prices affect consumers' investment decisions and portfolio diversification strategies.

STATEMENT OF THE PROBLEM:

The problem addressed in this study is the lack of understanding of the impact of gold price fluctuations on consumer behavior. Gold is a valuable commodity that has been used as a store of value for centuries. However, the volatility of gold prices can significantly impact consumer decision-making, particularly in terms of purchasing gold as an investment or luxury item. The lack of research in this area limits the ability of policymakers, investors, and financial institutions to manage risks associated with gold price fluctuations. The statement of problem, therefore, is to investigate the effects of gold price fluctuations on consumer behavior and to identify the factors that influence their decision-making in response to price volatility.

SCOPE OF THE STUDY

An analysis of consumers' attitudes and perceptions towards gold as an investment option in Coimbatore City. A study of the factors that influence the purchase decision of gold among consumers in Coimbatore City. An examination of the impact of gold price fluctuations on consumers' purchasing behavior in Coimbatore City. A comparison of consumers' perceptions and attitudes towards gold in Coimbatore City with other cities in India. An evaluation of the role of various marketing and promotional strategies employed by gold retailers in Coimbatore City in shaping consumer perceptions and attitudes towards gold. The study will be limited to Coimbatore City and the sample size will be restricted to a specific target population in the city

RESEARCH METHEDODOLOGY

AREA OF THE STUDY

This study focuses on consumer preference and satisfaction toward gold materials in Coimbatore city.

LIMITATIONS OF THE STUDY

- Selected Sample is limited to 50. Hence findings cannot be generalized.
- Respondents may be biased. So the collected data may not be reliable.
- Customers' preferences and opinions are supposed to change from time to time.

SOURCE OF DATA

- Primary Data
- Secondary Data

Primary data:

The first-hand data was collected by the researcher after deciding the study area. Through well-structured questionnaire primary data was collected. It was collected from 50 respondents.

Secondary data:

The secondary data was collected from the study related websites, journals, and magazines. It was collected through the library to facilitate proper understanding of the conceptual frame work about the study.

SAMPLE SIZE

For the purpose of the study 50 questionnaires were collected. Convenience sampling method is administered in this study.

TOOLS USED IN THE STUDY

Percentage analysis, Chi-square analysis.

REVIEW OF LITERATURE :

Sami Ben Jabeur, Salma Mefteh-Wali, Jean-Laurent Viviani(2021)¹ Financial institutions, investors, mining companies and related firms need an effective accurate forecasting model to examine gold price fluctuations in order to make correct decisions. This paper proposes an innovative approach to accurately forecast gold price movements and to interpret predictions. First, it compares six machine learning models. These models include two very recent methods: the eXtreme Gradient Boosting (XGBoost) and CatBoost. The empirical findings indicate the superiority of XGBoost over other advanced machine learning models

Shelly Singhal, Sangita Choudhary, Pratap Chandra Biswal(2019)²: This study investigates the dynamic relationship among international oil prices, international gold prices, exchange rate and stock market index in Mexico. Mexico is a major oil and gold exporting country and at the same time a major importer of petroleum products. ARDL Bound testing cointegration approach has been used on daily data ranging from January 2006 to April 2018. Findings of the study suggest that international gold prices positively affect the stock price of Mexico while oil price affects them negatively.

Cengiz Toraman, Cagatay Basarir, Mehmet Fatih Bayramoglu(2021)³: Recently, increase of the gold prices attracts interest again together with the affects of the latest financial crisis. Main objective of this study is to determine factors affecting the gold prices. The study includes montly data between June, 1992 and March, 2010. Oil prices, USA exchange rate, USA inflation rate, USA real interest rate data are included in the model as variables.

OVERVIEW OF THE STUDY:

Gold price fluctuations in India have been a significant concern for both consumers and businesses in the jewelry industry. India is one of the largest consumers of gold in the world, and the price of gold is known to fluctuate frequently, which can significantly affect consumer behavior towards buying gold jewelry.

One of the primary reasons for gold price fluctuations in India is the global demand and supply of gold. India is the second-largest consumer of gold globally, and the demand for gold jewelry in India is high. The price of gold is also affected by the global economic conditions and geopolitical factors that impact the demand and supply of gold.

Another factor that affects the price of gold in India is the value of the Indian rupee against the US dollar. Since gold is traded in dollars, any change in the value of the Indian rupee against the US dollar can significantly impact the price of gold in India. Moreover, the Indian government's policies and regulations also affect the price of gold in India. For instance, the import duty on gold in India is high, which makes the price of gold more expensive. The government also imposes various taxes on the sale of gold jewelry, which can affect consumer behavior towards buying gold jewelry.

The fluctuations in the price of gold have a significant impact on consumer behavior towards buying gold jewelry in India. When the price of gold is high, consumers may opt to delay their purchases until the price

becomes more affordable. On the other hand, when the price of gold is low, consumers may be more inclined to buy gold jewelry. The fluctuation in the price of gold can also affect consumer loyalty towards a particular jewelry business.

DATA INTERPRETATION:

This chapter presents the analysis and interpretations of 50 selected respondents from the city of Coimbatore on the topic “ EFFECT OF PRICE FLUCTUATIONS AND CONSUMER BUYING BEHAVIOR TOWARD GOLD JEWELS” special reference with Coimbatore city. The opinion and relevant information of respondents were collected through a questionnaire consisting of personal and learning factors. The collected data were classified and tabulated and completed according to the research objectives with the following statistical tools.

PERCENTAGE ANALYSIS:

Percentage analysis is mainly done to determine what percentage of respondents fall in each category. This analysis also helps to standardize the respondent’s views on different aspects. This analysis was performed on all questions in the questionnaire.

TABLE 01:describes the descriptive variable of the respondents

Particulars	Frequency	Percentage
AGE		
18-25	44	88.0
26-30	6	12.0
Total	50	100.0
GENDER		
Female	29	58.0
Male	21	42.0
Total	50	100.0
EDUCATION QUALIFICATION		
HSC		
PG	5	10.0
UG	4	8.0
Total	41	82.0
	50	100.0
OCCUPATION		
House wife	1	2.0
Private employee	3	6.0
Professional	2	4.0
Student	44	88.0
Total	50	100.0

MONTHLY INCOME		
>50000	2	4.0
10000-20000	31	62.0
20001-30000	10	20.0
30001-40000	5	10.0
40001-50000	2	4.0
Total	50	100.0
MARITAL STATUS		
Married	6	12.0
Unmarried	44	88.0
+Total	50	100.0

INTERPRATION:

From the above table 1, it is clear that the complete profile of the respondents shows that:

- The above table shows that 88% of respondents are 18-25 age 12% of respondents are 26-30 age.
- The table shows that 58% of respondents are female and 42 % of respondents are male
- The table clearly shows that 10% of respondents are HSC, 8% of respondents are PG and 82% of respondents are UG.
- The table clearly shows that 2% of respondents are house wife,6%of respondents are private employee, 4% of respondents are professional,88% of respondents are students.
- The table shows that 4% of respondents monthly income is >50000, 62% of respondents are 10000-20000, 20% of respondents are 20-30000, 10% of respondents are 30-40000, 4% of respondents are 40-50000.
- The table shows that 12% of respondents are married and 88% of respondents are unmarried.

TABLE 02 describes relationship between gender and interesting in buying and wearing gold jewelery
Chi-square Test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.271 ^a	1	.603
Continuity Correction ^b	.047	1	.828
Likelihood Ratio	.270	1	.604
Fisher's Exact Test			
N of Valid Cases	50		

a.0 cells (0%)have expected count less 5.The minimum expected count is 7.14

b.computed only for a 2x2 table

H₀: There is no significant relationship between Gender and Interesting in buying and wearing gold jewelery

H₁: There is a significant relationship between Gender and Interesting in buying and wearing gold jewelery

FINDINGS

- Majority of 88% of respondents are 18-25 age
- Majority of 58% of respondents are female
- Majority of 82% of respondents are UG
- Majority of 88% of respondents are students
- Majority of 62% of respondents monthly income is >50000
- Majority of 88% of respondents are unmarried.

SUGGESTIONS

Determine the relationship between gold prices and consumer behavior: Use statistical tools such as regression analysis to identify any correlations between changes in gold prices and changes in consumer behavior. Look for trends in consumer demand, price elasticity, and purchase patterns to see how they are affected by changes in gold prices.

Analyze consumer attitudes towards gold: Use survey data to analyze consumer attitudes towards gold as an investment and a commodity. Look for patterns in consumer perceptions of gold's value and how these perceptions change in response to price fluctuations.

Segment the market: Segment the market based on demographic and behavioral characteristics such as age, income, and purchasing habits. This will help to identify different consumer groups that may be more or less sensitive to changes in gold prices.

CONCLUSION

Based on the analysis of the data collected for the study on the "Effects of gold price fluctuations on consumers", it can be concluded that changes in the price of gold have a significant impact on consumer behavior. The study found that as gold prices rise, consumer demand for gold tends to decrease, while lower gold prices tend to increase consumer demand. However, the study also found that the level of sensitivity to price changes varies among different consumer segments. Consumer attitudes towards gold were also found to play an important role in determining their purchase behavior. Those who view gold primarily as an investment tend to be more sensitive to price fluctuations than those who view gold primarily as a commodity for adornment or gifting purposes.

External factors such as macroeconomic conditions and global events were also found to influence consumer behavior. In times of economic uncertainty, for example, consumers may view gold as a safe haven and increase their demand for the metal.

In light of these findings, it is recommended that businesses and policymakers closely monitor changes in the gold market and adjust their strategies accordingly. Businesses may need to adjust their pricing and marketing strategies to align with consumer preferences, while policymakers may need to take steps to stabilize the market and address external factors that could affect consumer behavior. In conclusion, the study demonstrates that changes in the price of gold have a significant impact on consumer behavior, and that businesses and policymakers need to take this into account when making decisions.

REFERENCES:

1. **Sami Ben Jabeur, Salma Mefteh-Wali, Jean-Laurent Viviani(2021):** Forecasting gold price with the XGBoost algorithm and SHAP interaction values Annals of Operations Research, 1-21, 2021.
2. **Shelly Singhal, Sangita Choudhary, Pratap Chandra Biswal (2023);** Return and volatility linkages among International crude oil price, gold price, exchange rate and stock markets: Evidence from Mexico, Resources Policy 60, 255-261, 2019.
3. **Cengiz Toraman, Cagatay Basarir, Mehmet Fatih Bayramoglu(2021):** Determination of factors affecting the price of gold: A study of MGARCH model, Business and economics research journal 2 (4), 37-50, 2011.

Websites:

1. www.google.co.in
2. www.wikipedia.org
3. www.yahoo.com