

# The Study on Gold Products Investment among Customers in Nagapattinam District of Tamil Nadu

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## ABSTRACT

**Introduction:** Gold investment remains a prominent avenue for wealth preservation and portfolio diversification, particularly in emerging economies like India.

**Objectives:** This study examines the preferred forms of gold investment among customers in the Nagapattinam district of Tamil Nadu and investigates the factors influencing their investment decisions.

**Methods:** A sample of 400 respondents from four taluks within the district participated in the study, providing insights into their demographic profiles and investment preferences. The findings reveal a strong preference for gold investment among respondents, with physical gold (ornaments, coins, bars) emerging as the preferred form of investment, followed by gold ETFs and gold mutual funds.

**Results:** Regression analysis suggests that factors such as risk tolerance, investment objectives such as capital appreciation, regular income, or wealth preservation, and awareness of different gold investment vehicles significantly influence investment decisions.

**Conclusions:** These findings provide valuable insights for marketers and financial advisors aiming to tailor their strategies to meet the specific needs and preferences of gold investors in the Nagapattinam district and contribute to the broader discourse on gold investment behaviours in India.

**Keywords:** Customer Awareness, Consumer Behaviour, Investment Behaviour, Gold Investment.

## INTRODUCTION

Gold has been a popular investment choice for centuries due to its stability, liquidity, and ability to hedge against inflation (World Gold Council, 2022). In India, gold holds a special place in the hearts and minds of the people, with cultural and religious significance attached to it (Jain & Kothari, 2019). The state of Tamil Nadu, located in the southern part of India, is known for its rich cultural heritage and strong affinity towards gold (Rajagopal, 2021). Nagapattinam district, situated in the Cauvery delta region of Tamil Nadu, is home to a diverse population with varying socio-economic backgrounds (Government of Tamil Nadu, 2022).

Given the importance of gold in Indian culture and the unique characteristics of Nagapattinam district, it is essential to understand the investment patterns and preferences of customers in this region. The objective of this study is to examine the factors that influence customers' investment in gold products in the Nagapattinam district of Tamil Nadu. In addition to contributing to the current state of research on gold investment behaviour, this study's results will also give insights that may be used by financial institutions and policymakers to build tailored strategies for the gold market in certain regions.

## Factors Influencing Gold Investment

The literature has identified several factors that influence gold investment decisions. Demographic factors such as “age, gender, education, and income level” have been found to play a significant role in investment decisions (Geetha & Ramesh, 2012; Jain & Kothari, 2019). Older investors prefer safer investment options like gold, while younger investors are more likely to invest in riskier assets (Arulmurugan *et al.*, 2013).

Risk tolerance is another important variable that influences the decisions on gold investment. Investors with a lower risk appetite are more likely to invest in gold, as it is considered a safe haven asset (World Gold Council, 2022). Investment objectives, such as capital appreciation, regular income, or wealth preservation, also play a role in determining investment choices (Gupta & Agarwal, 2013).

## Gold Investment Vehicles

According to Rajagopal (2021), investors have a variety of gold investment options, such as gold ETFs, mutual funds, and physical gold. Physical gold is the most popular form of investment in India, with jewellery being the preferred choice (Manoj & Dayana, 2015). Gold ETFs and mutual funds have gained popularity in recent years, as they offer the benefits of gold investment without the hassle of physical storage and security (Buchaiah, 2015).

## Statement of the Problem

Despite the importance of gold in the lives of people in Nagapattinam district, there is a lack of comprehensive research on the investment patterns and preferences of customers in this region. Previous studies have focused on gold investment behaviour at the national or state level, but there is a paucity of research at the district level (Jain & Kothari, 2019). Moreover, the existing studies have not adequately addressed the factors influencing gold products investment among customers in Nagapattinam district, such as demographic characteristics, income levels, risk tolerance, and investment objectives.

In order to fill the gap in the existing field of research, the purpose of this study is to analyse the variables that influence consumers in the Nagapattinam area of Tamil Nadu to invest in gold products. The results of this research will enhance the present state of knowledge regarding gold investment behaviour and offer financial institutions and policymakers the opportunity to develop targeted strategies for the gold market in the region.

## Literature Review

Various research studies have been carried out to gain knowledge of the investing behaviours and preferences of customers in India. Arulmurugan *et al.* (2013) sought to determine the investment behaviour of academicians in Tamil Nadu with respect to gold. They discovered that gender and the occasion of gold investment influence investment in various forms of gold. Manoj and Dayana (2015) underscored the significance of print and electronic media in the promotion of gold jewellery and the establishment of consumer trust.

Fening (2015) conducted a study on the history of hallmarking and suggested a hallmarking option for the gold jewellery industry. He recommended that government agencies, mining companies, and other stakeholders collaborate to ensure that refined gold is accessible at a reasonable price. Geetha and Ramesh (2012) investigated the influence of demographic factors on investment decisions. The findings indicate that the bank deposits and fixed deposits came in second and third, respectively, after gold was shown to be the most desired investment choice.

Gupta and Agarwal (2013) examined the contents of domestic savings and investments made by investors from Delhi and Mumbai. Bank deposits and fixed deposits came in second and third, respectively, after gold was shown to be the most desired investment choice. Buchaiah (2015) conducted a study to ascertain the perspective of individual investors in the city of Hyderabad regarding mutual fund investments.

## Objectives of the Study

- To analyse the demographic characteristics of customers in Nagapattinam district.
- To assess the preferred forms of gold investment among customers in Nagapattinam district.
- To investigate the factors influencing customers' decisions to invest in gold products.

**RESEARCH METHODOLOGY****Sampling Method and Sample Size**

A sample of 400 respondents was selected for this study, ensuring a robust representation of the population within the Nagapattinam District. The district comprises four taluks: Nagapattinam, Vedaranyam, Kilvelur, and Thirukkuvalai. To achieve an equitable distribution, 100 respondents from each taluk were chosen using the Simple Random Sampling Method. This method was selected to eliminate any potential bias and to provide each individual within the taluks an equal opportunity to be part of the sample.

**Data Collection**

The data collection process lasted six months, during which structured questionnaires were administered to the selected respondents. The questionnaires were designed to gather detailed information on the respondents' investment preferences, motivations, and behaviours concerning gold products.

**Data Analysis**

Regression analysis was employed to analyse the collected data. This statistical method was chosen for its effectiveness in identifying the relationships between dependent and independent variables. In this study, the dependent variable is the extent of investment in gold products and preferred form of gold investment, while the independent variables include physical gold, ETFs, gold mutual funds, risk tolerance, investment objectives, and awareness.

**RESULTS AND DISCUSSION**

The demographic data collected includes key variables such as gender, age, education, and income level of the respondents are presented in Table 1.

**Table 1:** Demographic Profile of the Respondents

Profile	Frequency	Percentage
Gender		
Male	105	26.25
Female	295	73.75
Age		
20yrs to 27yrs	84	21.00
28yrs to 46yrs	190	47.50
47yrs and above	126	31.50
Qualification		
Up to HSC	126	31.50
UG	173	43.25
PG and above	101	25.25
Income		
₹20,000 to ₹35,000	188	47.00
₹36,000 to ₹47,000	118	29.50
₹47,000 and above	94	23.50

Source: Primary data

Personal and economic profile of the respondents in this study reveals several key characteristics. The sample consists of 400 individuals, with a significant majority being female (73.75%) compared to male respondents (26.25%). The age distribution indicates that nearly half of the participants (47.50%) are between 28 and 46 years old, while 21.00% are aged 20 to 27 years, and 31.50% are 47 years and older. In terms of educational qualifications, 43.25% of the respondents have completed an undergraduate degree (UG), followed by 31.50% who have education up to Higher Secondary Certificate (HSC), and 25.25% holding a postgraduate degree (PG) or higher. Regarding income, the largest group (47.00%) earns between ₹20,000 and ₹35,000 monthly, 29.50% earn between ₹36,000 and ₹47,000, and 23.50% have an income of ₹47,000 and above. These demographic insights provide a comprehensive overview of the respondents' backgrounds, which is essential for understanding their investment behaviors in gold products.

### Preferred Forms of Gold Investment

**Table 2:** Factors Influencing Preferred Forms of Gold Investment

Model	Unstandardised Coefficients		Standardised Coefficients		t-value	p-value	Model Summary			ANOVA	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>				<i>R-Squared</i>	<i>Adjusted R-Squared</i>	<i>Durbin-Watson</i>	<i>F-Statistics</i>	<i>p-value</i>
(Constant)	.902	.268			3.361	.001	.816	.815	2.002	628.030	.000
Physical Gold	1.031	.102	.358	10.130	.000						
ETFs	.857	.106	.304	8.055	.000						
Gold Mutual Funds	.894	.101	.325	8.826	.000						

A multiple linear regression analysis was conducted to examine the relationship between the preferred form of gold investment (dependent variable) and the predictors: investing in physical gold, ETFs, and gold mutual funds (independent variables). The regression equation was found to be significant,  $F(3, 396) = 628.030$ ,  $p < .001$ , indicating that the model significantly predicts the preferred form of gold investment (refer Table 2).

The model explains a substantial proportion of the variance in the preferred form of gold investment, as evidenced by the  $R^2$  value of .816, and an adjusted  $R^2$  value of .815, suggesting a high level of explanatory power.

The regression equation can be expressed as:

$$\text{Preferred Form of Gold Investment} = 0.902 + 1.031(\text{Physical Gold}) + 0.857(\text{ETFs}) + 0.894(\text{Gold Mutual Funds})$$

Examining the individual predictors:

- **Physical Gold:** The unstandardized coefficient (B) for investing in physical gold is 1.031 (SE = 0.102), with a standardized coefficient (Beta) of 0.358, which is significant ( $t = 10.130$ ,  $p < .001$ ). This suggests that for each unit increase in investment in physical gold, the preferred form of gold investment increases by 1.031 units.
- **ETFs:** The unstandardized coefficient for investing in ETFs is 0.857 (SE = 0.106), with a standardized coefficient of 0.304, also significant ( $t = 8.055$ ,  $p < .001$ ). This indicates that an increase in investment in ETFs is associated with a 0.857 unit increase in the preferred form of gold investment.
- **Gold Mutual Funds:** The unstandardized coefficient for investing in gold mutual funds is 0.894 (SE = 0.101), with a standardized coefficient of 0.325, which is significant ( $t = 8.826$ ,  $p < .001$ ). This implies that an

increase in investment in gold mutual funds results in a 0.894 unit increase in the preferred form of gold investment.

Overall, all three predictors - investment in physical gold, ETFs, and gold mutual funds - are significant and positively associated with the preferred form of gold investment.

### Factors Influencing Customers' Decisions to Invest in Gold Products

**Table 3:** Factors Influencing Customers' Decisions to Invest in Gold Products

Model	Unstandardised Coefficients		Standardised Coefficients	t-value	p-value	Model Summary			ANOVA	
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>R-Squared</i>	<i>Adjusted R-Squared</i>	<i>Durbin-Watson</i>	<i>F-Statistics</i>	<i>p-value</i>
(Constant)	1.310	.259		5.055	.000	.827	.825	2.011	629.981	.000
Risk Tolerance	.970	.098	.352	9.945	.000					
Investment Objectives	.738	.108	.268	6.828	.000					
Awareness	.967	.107	.362	9.035	.000					

A multiple linear regression analysis was conducted to examine the relationship between the gold investment vehicle (dependent variable) and the predictors: risk tolerance, investment objectives, and awareness (independent variables). The regression equation was found to be significant,  $F(3, 396) = 629.981$ ,  $p < .001$ , indicating that the model significantly predicts the gold investment vehicle (*refer* Table 3).

The model explains a substantial proportion of the variance in the gold investment vehicle, as evidenced by the  $R^2$  value of .827, and an adjusted  $R^2$  value of .825, suggesting a high level of explanatory power.

The regression equation can be expressed as:

$$\text{Gold Investment Vehicle} = 1.310 + 0.970(\text{Risk Tolerance}) + 0.738(\text{Investment Objectives}) + 0.967(\text{Awareness})$$

Examining the individual predictors:

- **Risk Tolerance:** The unstandardized coefficient (B) for risk tolerance is 0.970 (SE = 0.098), with a standardized coefficient (Beta) of 0.352, which is significant ( $t = 9.945$ ,  $p < .001$ ). This suggests that for each unit increase in risk tolerance, the gold investment vehicle increases by 0.970 units.
- **Investment Objectives:** The unstandardized coefficient for investment objectives is 0.738 (SE = 0.108), with a standardized coefficient of 0.268, also significant ( $t = 6.828$ ,  $p < .001$ ). This indicates that an increase in investment objectives is associated with a 0.738 unit increase in the gold investment vehicle.
- **Awareness:** The unstandardized coefficient for awareness is 0.967 (SE = 0.107), with a standardized coefficient of 0.362, which is significant ( $t = 9.035$ ,  $p < .001$ ). This implies that an increase in awareness results in a 0.967 unit increase in the gold investment vehicle.

Overall, all three predictors - risk tolerance, investment objectives, and awareness - are significant and positively associated with the gold investment vehicle.

### Marketing Implications

The findings from this study offer valuable insights for marketers and financial advisors aiming to promote gold investment products in the Nagapattinam District of Tamil Nadu. Given that a significant majority of respondents are female, marketing campaigns should specifically appeal to women by emphasizing the cultural and emotional

value of gold. Additionally, customized messages targeting the largest age group, 28 to 46 years, can enhance engagement. Educational initiatives that increase awareness about different gold investment options, including physical gold, ETFs, and gold mutual funds, are crucial for influencing investment decisions. A diversified product portfolio catering to various risk tolerances and investment objectives can attract a broader audience. Personalized financial advice based on individual profiles and leveraging digital platforms for outreach can further enhance customer satisfaction and market penetration. These strategies, tailored to the demographic insights from the study, can effectively foster a robust market for gold investment products in the region.

## Limitations

This study has several limitations. The sample is limited to 400 respondents from four taluks in the Nagapattinam District, which may not represent the broader population. The study focuses on a limited set of variables (physical gold, ETFs, gold mutual funds, risk tolerance, investment objectives, and awareness) and does not consider other potential influences like psychological factors or market trends. Lastly, external factors such as government policies and global economic events, which can significantly impact investment behaviours, were not included.

## CONCLUSION

This study provides a comprehensive analysis of gold investment preferences among customers in the Nagapattinam District of Tamil Nadu. By examining demographic profiles and employing statistical methods such as regression analyses, we have identified significant factors influencing gold investment decisions. The findings reveal that gender, age, education, and income play crucial roles in determining investment behaviour, with a notable majority of female respondents showing a strong preference for gold investments.

The regression analysis further highlights the importance of risk tolerance, investment objectives, and awareness in shaping investment choices. These insights suggest that a targeted approach in marketing and financial advising, focusing on personalized strategies and educational initiatives, can effectively meet the needs of different demographic segments.

Overall, this research underscores the enduring appeal of gold as an investment vehicle and provides actionable recommendations for financial institutions and marketers to enhance their engagement with potential investors. By leveraging these findings, stakeholders can develop more effective strategies to promote gold investment products, ultimately contributing to a more informed and diversified investment landscape in the Nagapattinam District. Future research could expand on these findings by exploring additional variables and broader geographic regions to further understand the dynamics of gold investment preferences.

## Statements and Declarations

<b>Ethical Approval</b>	: Not Applicable
<b>Consent to Participate</b>	: Not Applicable
<b>Consent to Publication</b>	: Not Applicable
<b>Availability of Data and Material</b>	: Available in paper itself
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<b>Competing Interests</b>	: The author(s) declare no competing interests.

## Author Contribution:

1. **Manikandan L. N.** – Corresponding Author, paper writing, data collection, results and conclusion.
2. **Dr. K. V. R. Rajandran** – Problem statement and formatting, data analytics.

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