



# A STUDY ON CONSUMER PERCEPTION AND ADOPTION OF DIGITAL GOLD VS PHYSICAL GOLD WITH SPECIAL REFERENCE TO COIMBATORE CITY

\* Kalaiyarasan R \*\* Dr.R.Chandrasekaran

\*M. Com (CA), Department of Commerce (CA), Dr. N.G.P Arts and Science College, Coimbatore

\*\* Associate Professor in Commerce with Finance, Dr. N.G.P Arts and Science College, Coimbatore

## ABSTRACT

The objective of the study is to analyse the consumer perception and adoption of digital gold Vs physical gold with special reference to Coimbatore city. The sample of the study is 120. Descriptive research design and convenience sampling method has been used. Questionnaire has been used as a primary data. Simple percentage analysis, chi-square analysis and correlation statistical tools have been applied to reach the findings of the study. It is found that there is significant relationship between the gender of the respondents and influence of social factors. It is suggested that investors should strive to comprehend the potential returns associated with both digital and physical gold. It is concluded that investor decisions are influenced by a multitude of considerations spanning social trends, cultural significance, peer recommendations, media portrayal, economic conditions, and financial knowledge. Peer recommendations and financial knowledge also hold sway over perceptions of both forms of gold.

**Keywords:** physical gold, digital gold, financial.

## INTRODUCTION

The advent of digital technologies has revolutionized numerous aspects of our lives, including how we invest and store wealth. In recent years, one such innovation gaining significant traction is digital gold—a form of investment that allows individuals to buy and own gold electronically, without the need for physical possession. This study aims to explore the consumer perception and adoption of digital gold compared to traditional physical gold, with a specific focus on Coimbatore City, India. Coimbatore, known as the

"Manchester of South India," boasts a vibrant economy and a diverse population, making it an ideal setting to investigate evolving trends in gold investment preferences.

The allure of gold as a store of value and hedge against inflation has remained steadfast for centuries, ingrained deeply in cultural and economic traditions across the globe. However, the rise of digital gold presents a paradigm shift, offering convenience, accessibility, and potential cost efficiencies that challenge the supremacy of physical gold ownership. Understanding how consumers perceive and embrace this emerging trend is crucial for market participants, policymakers, and financial institutions seeking to adapt to evolving consumer preferences and market dynamics.

As Coimbatore City continues to evolve as a hub for commerce and innovation, it is essential to assess the receptiveness of its residents towards digital gold as an alternative investment avenue. By examining factors influencing consumer decision-making, such as perceptions of security, liquidity, and ease of transactions, this study endeavors to provide valuable insights into the adoption patterns and preferences regarding digital versus physical gold among Coimbatore's populace.

## **STATEMENT OF PROBLEM**

For investors, the shift from physical to digital gold presents a variety of challenges and introduces a range of complications within the gold investing space. Navigating the multitude of options accessible to them, investors must contend with concerns about perceived risks, trust, and the impact of social influences on their investment choices. Selecting the incorrect gold investment option inefficiently results in a portfolio that performs below expectations, which affects investors' profits and financial security. These difficulties highlight the necessity of figuring out what influences investors' decisions and understanding how making less-than-ideal choices affects their investing results. By exploring the complex dynamics surrounding investors' perceptions and adoption behaviours regarding digital and physical gold, this study seeks to address the aforementioned issues. Through identifying the variables that impact decision-making, the study aims to improve investors' ideal investing experience. The study aims to provide insights that enable investors to make well-informed and strategic decisions, eventually promoting optimal returns and increased financial resilience in the context of gold investments through a detailed understanding of these elements.

## **OBJECTIVES**

1. To study on consumer perception and adoption of digital gold Vs physical gold with special reference to Coimbatore city
2. To assess and compare the impact of social factors, on investors' perception and adoption of digital gold versus physical gold.
3. To examine the level of financial literacy among investors in understanding the digital gold versus physical gold investments.

## **SCOPE OF THE STUDY**

The scope of the study is confined to Coimbatore. The main aim of this study is to analyse the topic with consumer perception and adoption of digital gold Vs physical gold with special reference to Coimbatore city. It is also focused on the impact of social factors, on investors' perception and adoption of digital gold versus physical gold. The study helps to understand the level of financial literacy among investors. The sample of this study is 120. The sample is collected from gold investors in the form of physical and digital.

## **RESEARCH METHODOLOGY**

### **RESEARCH DESIGN**

The research design helps a researcher to pursue their journey into the unknown but with a systematic approach by their side. Research design is a plan to answer the research question. A research method is a strategy used to implement that plan.

### **SAMPLING/DESIGN**

A sampling technique is the name or other identification of the specific process by which the entities of the sample have been selected. This study uses Non-Probability Sampling technique. The non-probability method is a sampling method that involves a collection of feedback based on a researcher or statistician's sample selection capabilities and not on a fixed selection process.

### **SAMPLE DESIGN**

Convenience sampling is used in this study. Convenience sampling is a type of non-probability sampling that involves the sample being drawn from that part of the population that is close to hand.

### **SAMPLE SIZE**

In this study, data was collected from 120 gold investors. So, sample size of the study is .

## **SOURCES OF DATA**

This study used both primary and secondary data.

### **Primary data:**

Data that has been generated by the researcher himself/herself, surveys, interviews, experiments, specially designed for understanding and solving the research problem at hand. Primary sources can be described as those sources that are closest to the origin of the information. They contain raw information and thus, must be interpreted by researchers. In this study, primary data was collected by questionnaire.

## Secondary data:

Secondary sources are closely related to primary sources and often interpret them. These sources are documents that relate to information that originated elsewhere. Secondary sources often use generalizations, analysis, interpretation, and synthesis of primary sources. Examples of secondary sources include textbooks, articles, and reference books.

## TOOLS FOR ANALYSIS

- Percentage analysis
- Chi-Square Analysis
- Correlation Analysis

## LIMITATIONS

- The data is collected only from the customers who are investing in gold. Hence, the findings are applicable to those customers only and cannot be generalized.
- The present study has been limited to Coimbatore only.
- The sample size chosen for the surveys being limited to 120 does not cover all the gold investors.

## REVIEW OF LITERATURE

**Dr. Rashmi Paranjpye, Apoorva Ambhore, Bharat Raghuvanshi (2020).** This study is conducted to evaluate the perception of consumers for investing in gold in India. The paper also aims to study the different modes of investment in gold. Primary research was conducted to know the perceptions of respondents. Survey was done to know about the awareness of options for investment in physical gold and the most preferred gold investment and gold fund. The survey shows that many people are aware of gold ETFs. 72 percent respondents perceive gold as a risk free investment, 43 percent invest in gold funds while 36 percent respondents invest in physical gold. SBI Gold fund is the most preferred fund followed by HDFC Gold Fund.

**Dr. Rashmi Paranjpye, Apoorva Ambhore, Bharat Raghuvanshi (2020). Gold Investment - Perception & Preference of Consumers. International Journal of Emerging Technologies and Innovative Research. Vol.7, Issue 9, page no.612-617.**

**Lahoti, J. H. (2020),** the purpose of the study is. To study the factors influencing the choice of investment in gold. To study about the various options available to investor while investing in gold. To identify the reasons for not to invest in gold. To know about the risk options in physical gold and other gold investment options. The methods used in this study are both descriptive and analytical in nature. The data required for the preset study were collected both from the primary as well as from the secondary source.

**Lahoti, J. H. (2020). An Analytical Study on Perception of investors towards Gold as an Investment Option. Indian Journal of Research, 6(3), 571-572.**

**Mohd Fahmi Ghazali, Hooi Hooi Lean, And Zakaria Bahari (2020).** This study aims to analyze the characteristics of gold as a diversifier, a hedge or a safe haven against the stock market collapse in five countries. We propose the standard and quantile techniques in the volatility models, with the time-varying conditional variance of the regression residuals based on the TGARCH specifications. Gold exhibits considerable evidence of the strong hedge in India and the US and diversified role in China. With regards to its role as a safe haven, gold retains its status as a key investment particularly in a country where gold has a preeminent cultural role, i.e., India, as well as in the US and the UK.

**Mohd Fahmi Ghazali, Hooi Hooi Lean, And Zakaria Bahari (2020). Does Gold Investment Offer Protection Against Stock Market Losses? Evidence From Five Countries. The Singapore Economic Review. The Singapore Economic Review Vol. 65, No. 02, pp. 275-301.**

**Nishad Nawaz, Sudindra v (2020).** In the current market scenario of high volatile, rapidly changing market place, various avenues for investment in gold are creating the confusion among Investors. As per various studies 16,000 tons of gold is there in Indian households predominantly in the form of jewellery.

**Nishad Nawaz, Sudindra v (2020). A Study on Various Forms of Gold Investment. SSRN Electronic Journal. Volume No: 2 Issue: 4.**

**Paranjpye, R., & Raghuvanshi, A. A. B. (2020),** the goal is to study various modes of investment in gold and evaluate the perception of consumers for investing in gold in India. In this research primary and secondary data has been collected. For primary data questionnaire was prepared to know about the age, gender, saving ratio, awareness about gold funds, and reason for investment. To analyse the data various tools are used such as sums, percentage, charts for the quantitative data analysis.

## ANALYSIS AND INTERPRETATION

**TABLE 1: THE PERCEPTION OF DIGITAL GOLD AS A SAFE STORE OF VALUE IS STRONGER THAN THE PERCEPTION OF PHYSICAL GOLD**

Particulars	No. of the respondents	Percent
Strongly agree	23	19.2
Agree	46	38.3
Neither agree nor disagree	24	20.0
Disagree	7	5.8
Strongly disagree	20	16.7
Total	120	100.0

## CHI-SQUARE ANALYSIS

### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.072 <sup>a</sup>	16	.000
Likelihood Ratio	96.999	16	.000
Linear-by-Linear Association	60.740	1	.000

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Likelihood Ratio	96.999	16	.000
Linear-by-Linear Association	60.740	1	.000
N of Valid Cases	120		

### CORRELATION ANALYSIS

#### RELATIONSHIP BETWEEN AGE OF THE RESPONDENTS AND TRUST IN INVESTMENT

#### Correlations

		AGE OF THE RESPONDENTS	Trust
AGE OF THE RESPONDENTS	Pearson Correlation	1	-.115
	Sig. (2-tailed)		.211
	N	120	120
TRUST IN INVESTMENT	Pearson Correlation	-.115	1
	Sig. (2-tailed)	.211	
	N	120	120

## FINDINGS

- 38.3% of the respondents said that agree towards the perception of digital gold as a safe store of value is stronger than the perception of physical gold.
- 40.8% of the respondents said that strongly agree towards transparency in digital gold transactions is considered more important than transparency in physical gold transactions.
- 40.8% of the respondents said that agree towards trust in the technology behind digital gold is higher compared to the trust in the traditional nature of physical gold.
- There is significant relationship between the gender of the respondents and influence of social factors.
- There is negative relationship between this age of the respondents and trust in investment.

## SUGGESTIONS

- Assessing technological impacts can guide investors in understanding the potential of both digital and physical gold.
- Trustworthiness is a crucial factor for both digital and physical gold investments.
- Confidence in security measures is vital for both digital and physical gold transactions.
- Recognizing perceptions of value storage can guide investors in choosing between digital and physical gold.
- Prioritizing transparency is essential for both digital and physical gold transactions.
- Evaluating trust in technology versus tradition can guide decisions between digital and physical gold.

## CONCLUSION

In conclusion, this study sheds light on the nuanced perceptions and adoption behaviors of consumers regarding digital gold versus physical gold, with a specific focus on Coimbatore city. Through an in-depth analysis of various factors, it is concluded that investor decisions are influenced by a multitude of considerations spanning social trends, cultural significance, peer recommendations, media portrayal, economic conditions, and financial knowledge. Peer recommendations and financial knowledge also hold sway over perceptions of both forms of gold. However, concerns such as risk perception, fraud, price volatility, regulatory framework, and security remain pivotal considerations for investors, albeit with differing implications for digital and physical gold. Despite the ease of understanding and accessibility associated with digital gold, the security and trust instilled by physical gold remain significant factors in investment decisions. Furthermore, the study highlights the importance of transparency in transactions and the evolving role of technology in shaping perceptions of gold investments.



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