

## THE FACTORS OF CUSTOMER INCLINATION TOWARDS GOLD SAVING SCHEMES OFFERED BY BRANDED JEWELLERS IN KERALA

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### **Abstract**

According to the World Gold Council, India consumed 797.3 tonnes of gold in 2021 which constitutes thirty percent of the total global supply. Within India, Kerala has the highest consumption rate even during the COVID-19 pandemic. Gold is considered auspicious and is purchased by all income groups in Kerala as it is an integral part of most occasions irrespective of religion. Due to high liquidity, it is considered to be a major investment option for people especially women. Even though gold deposit schemes have been in existence for the past seven decades, after the New Companies Act (2014), the gold savings schemes came under the category of public deposit definition and most jewellers had to withdraw or restructure the schemes. However, as the price of gold peaked in recent years, various jewellers re floated easy saving schemes through which people can invest and purchase jewellery. In this context, a systematic exploration to draw insights into the perception of customers towards various gold savings schemes instituted by jewellery brands is of interest to the customer as well as the jewellers. Gold purchase and enrolling in the gold saving schemes by the branded jewellers is a choice made by both men and women. Studies on gender perceptions in purchase of commodities including gold have been conducted globally, but an attempt to explore the underlying factors which affect the consumer intention to invest in the gold savings schemes by branded jewellers is yet to be attempted. Moreover, there is a strong notion of stereotyping women as a major gold purchaser than men and this paper also tries to analyse the gender differences in customers' intention to invest in gold savings schemes. The findings shall contribute to better understanding of the customer preferences and to devise attributes which influences the choice of participation and satisfaction in such schemes.

**Keywords:** *Gold, Saving schemes, Customer preference, Brand name, Security*

### **Introduction**

In India, no other commodity has a status symbol image as big as gold. Gold is considered as an integral part in many rituals in all states of India. Indian families regard gold as a valuable

savings and investment tool. It is estimated that one out of ten households purchase gold at least once a year. Gold is primarily regarded as a security as well as a fixed asset. Gold serves as an inflation hedge as well as a reserve for future eventualities. Consumers can sell or swap gold at a reasonable price because it is a marketable instrument. The awareness of buyers towards the gold quality, purity, fineness, manufacturing costs, wastage costs, and the hall mark certificate granted by Bureau of Indian norms, current market price all are very crucial. In India, consumption and usage of gold varies from region to region and within regions.

Kerala is one among the highest gold consuming states. Thiruvananthapuram is the second largest gold market in Kerala after Thrissur. The people of Thiruvananthapuram have high affinity towards gold purchase. According to Kasilingam & Jayabal (2009), the most common mode of investment was bank deposits. Safety of money was considered to be the most important element in investing. That's where gold purchasing schemes have evolved as a safe mode. Gold is regarded as a good investment which in turn can be handy in tough times. Many branded jewellers in Kerala attract customers by extending gold saving schemes where they can purchase jewellery after the predetermined tenure. Each and every human should be aware of his rights and that requires knowledge, thus in case of buying gold it is the buyer's responsibility to understand all the important aspects to consider while buying gold like purity, hallmarking etc. The factors that lead to purchase and consumption of gold are different in various scenarios that vary according to perception, attitude, values, motivation, personality, social class, financial background, self-concept, social and cultural background, age, family life cycle etc. Krishnan (2019) pointed out that brand name, years in business, word of mouth exposure, advertisement, celebrity, and newest design, are some of the reasons that women are drawn to branded gold jewellery retail outlets.

Rao & Sahu (2014) describes gold as a valuable metal that has been prized by humans since the dawn of humanity and gold is used for coinage, jewellery, ornaments, and a variety of industrial applications. Women shop differently from men. There are various classes of women, each with its own set of requirements: they purchase gold jewellery based on their beliefs and tastes, and their purchasing habits differ from one another. Guha (2013) points out that working women are more involved in purchase activities and are more price conscious than nonworking married women. It has also been discovered that working women are more loyal to their stores than married women who do not work. Kumari & Anitha (2016) in their study indicates that a consumer's spending power can vary from one to another depending on demographic and psychological characteristics. In order to promote buying behaviour, jewellery retailers must offer schemes tailored to the consumer's spending power.

This paper attempts to explore the underlying factors which affect the customer intention to invest in gold savings schemes by branded jewellers in Kerala. This paper also tries to analyse the gender differences towards customers' intention to invest in the gold schemes.

## Literature Review

## **Brand Name**

Jenefa & Kadyan (2019) in their study pointed out that customers are motivated to buy branded jewellery other than unbranded jewellery for a variety of reasons such as attractive and inventive design, superior quality, purity, diversity, durability, lightweight, wear ability, trust, uniqueness, specific product benefits or a healthier shopping experience, status symbol, and so on are some of these factors. The Indian consumer was open to trying out new styles. Jyothi & Babu (2014) discovered that the key elements that influence customer behaviour towards buying branded jewellery include variety, purity of gold, brand image and placement in the market, service given, advertisement, brand familiarity, offers, promotional schemes, and celebrity endorsement. Krishnan & Nandhini (2017) in their findings noticed that word of the mouth publicity along with focus on social status with jewellery brands and celebrity endorsements will attract more gold jewellery consumption.

## **Financial benefit**

Ghazali et. al. (2013) describes gold as a safe haven for stockholders amid financial stress. Gold has become popular as an investment instrument in recent decades, according to his study and he concluded that a well-diversified portfolio will aid in return and protect against economic downturns. Arekar & Godbole (2016) had found out that due to the financial security of gold, people from different age groups are interested in gold investments. QuocNghi (2021) identifies the factors that determine the individual customer's decisions in investing in savings deposits out of which service, security and financial benefits, convenience and brand name. Arulmurugan et. al. (2013) in their study examined the preference for various types of gold investment and it is revealed that the top priority is given to buyers of jewellery and gold coins, with the ETF receiving the last priority (exchange traded fund). Similar variables are factored under five categories in factor analysis, including future prospects risk management, best time for investment, conventional value, and alternative investment, all of which are significantly associated to one another in sequence.

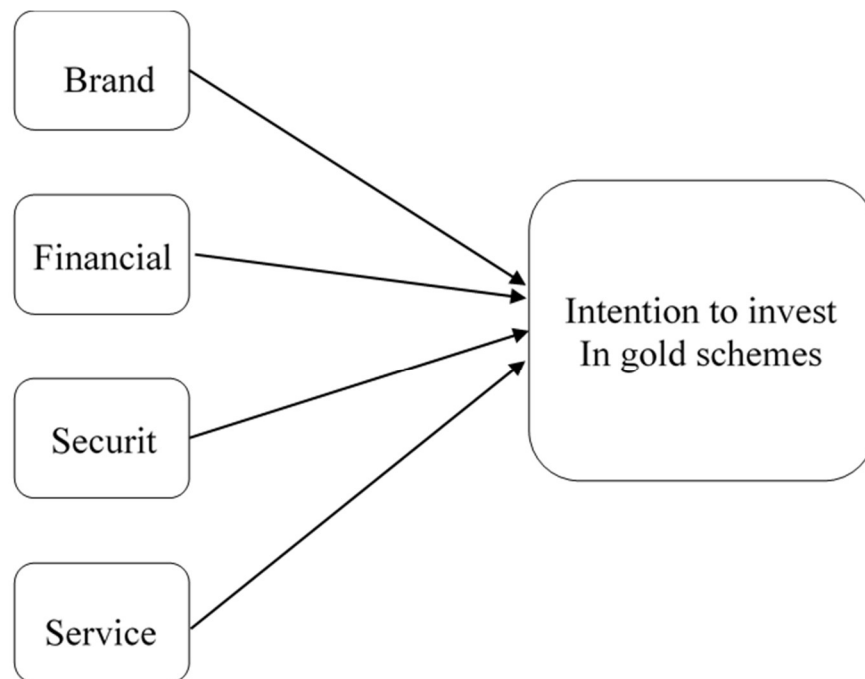
## **Security**

Garg (2020) in their study observed that gold is considered to give high returns over a long period by the investors. It gives financial security in times of macro environmental uncertainties. Traditional values related to culture, Reliability of investors towards gold and higher potential return anticipation all urge the customers to purchase gold as a good investment avenue. People usually purchase gold because it is associated with success, prosperity, and power and the most important psychological aspect that gold provides in terms of security. Walia et al. (2013) highlighted the motivating elements for consumers to purchase branded jewellery, including quality, status, buyback programmes, zero instalment plans and a feeling of safety in tough times. Customers invest in gold saving schemes as investment in gold provides a sense of security.

## **Service**

Kasilingam & Jayabal (2009) states that if customers get good service during the tenure of the investment schemes and the return is profitable then customers will have positive perception towards it. Gurunathan & Muniraj (2012) investigated the impact of customer knowledge and buyer behaviour on purchasing jewellery items and found that gold jewellery is prioritised over silver, diamond, and platinum jewellery. Sultana et. al. (2015) pointed out that customers are driven by key factors when purchasing gold jewellery: operationality of gold, promotional campaign of jewellers, perceived quality, service of the branded jewellers and conformity. The service provided by the branded jewellery includes the friendly and courteous sales person, accountability of the jewellery schemes, rate of discounts and special gifts provided by the branded jewellers etc.

**Figure 1: Conceptual framework of intention to invest in gold savings schemes**



## Research Methodology

The population of the study comprises people in Thiruvananthapuram District of Kerala. A sample of 284 was drawn from different domicile urban and rural population of Thiruvananthapuram District. Since the study needed the primary data a well-structured questionnaire consisting of 21 questions was applied for gathering the responses from the customers. Purposive sampling was adopted for data collection. It included perceptual measures that were rated on five-point scale. The questionnaire contained questions on the facets about their demographic and socio-economic background, influencing factors, various characteristics and other associated facets. The secondary data were collected from academic journals, annual reports, books and other available sources. The collected data was analysed using SPSS software.

## DATA ANALYSIS

The hypothesis relating to the conceptual framework is stated as follows:

H0: There is no significant relation between brand name, financial benefit, security and service on customer intention to invest in gold saving schemes by branded jewellers.

H1: There is a significant relation between brand name, financial benefit, security and service and customer intention to invest in gold saving schemes by branded jewellers.

The above hypothesis was tested using multiple regression, the results of which is given in Table No. 1. As can be seen from Table 1a, 56.4% variation in the dependent variable (Intention to invest in gold schemes) is explained by the independent variables (brand name, financial benefit, security and service). The static value of  $F=12.86$  and its  $p<0.05$  proves that there is a significant relationship between the study variables.

**Table No. 1: Multiple Regression**

Table 1a: Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | F      | Sig.              |
|-------|-------------------|----------|-------------------|----------------------------|--------|-------------------|
| 1     | .751 <sup>a</sup> | .564     | .558              | .40868                     | 90.355 | .000 <sup>b</sup> |

a. Predictors: (Constant), SY, S, BN, FB

The results indicated that the overall model was significant, that is, the independent variables provided a good fit of the model on determinants of customer decision to invest in gold schemes by branded jewellers ( $F=90.355$ ,  $p$  value  $<0.05$ ). Moreover, the analysis indicated that mean square of residual is very small (0.167) compared to regression mean square (15.091). This means that the regression line fits actual data.

Table No. 1b: Coefficients

| Model | Unstandardized Coefficients |            | Standardized Coefficients | t | Sig. | 95.0% Confidence Interval for B |             |
|-------|-----------------------------|------------|---------------------------|---|------|---------------------------------|-------------|
|       | B                           | Std. Error | Beta                      |   |      | Lower Bound                     | Upper Bound |
|       |                             |            |                           |   |      |                                 |             |

|            |      |      |      |        |      |      |      |
|------------|------|------|------|--------|------|------|------|
| (Constant) | .491 | .221 |      | 2.219  | .027 | .056 | .927 |
| FB         | .278 | .044 | .290 | 6.321  | .000 | .191 | .364 |
| BN         | .088 | .043 | .089 | 2.020  | .044 | .002 | .173 |
| S          | .090 | .033 | .108 | 2.702  | .007 | .025 | .156 |
| SY         | .423 | .041 | .504 | 10.263 | .000 | .342 | .504 |

a. Dependent Variable: CI

Regression results in Table No. 1b indicated that there exists a positive relationship which is statistically significant ( $\beta = 0.278, P < 0.05$ ). This implies that an increased financial benefit by one unit leads to an increase in customer intention to invest by 0.278. Brand Name was also found to have a positive relationship which is statistically significant with customer intention to invest ( $\beta = 0.088, P < 0.05$ ). This shows that improvement in brand name by one unit leads to consumer preference increase by 0.088. The results also indicate there exists a positive relationship between security and customer investment intention which is statistically significant ( $\beta = 0.423, P < 0.05$ ). Numerically this implies that a unit increase in security leads to an increase in customer intention to invest by 0.423. Service showed a statically positive relationship with customer intention to invest ( $\beta = 0.090, P < 0.05$ ).

The estimated regression equation is given as follows:

$$CI = 0.491 + 0.278 FB + 0.088BN + 0.090S + 0.423SY$$

Where, CI denotes customer intention to invest, FB denotes financial benefits, BN denotes brand name, S denotes security, SY denotes security

### Gender & Intention to Invest

H0: There is no significant difference among gender in customer’s intention to invest in gold saving schemes by branded jewellers.

H1: There is significant difference among gender in customer’s intention to invest in gold saving schemes by branded jewellers.

In order to test the above hypothesis, independent sample t-test was used. Analysis of the data of independent t-test (Table 2) found that for the female (n = 149) the mean score was 3.369 with a standard deviation of 0.650, while for the male (n = 135) the mean score was 3.365 with a standard deviation of 0.635. As can be seen from the table, since the significance value is 0.956, the present study failed to reject the null hypothesis, suggesting that there is no significant difference between male and female attitudes towards the decision to invest in gold schemes. Therefore, the independent t-test conducted to determine whether a difference exists between the intention to invest in gold schemes suggested that there was no statistically significant difference between the scores for males (n=135, M = 3.365, SD = 0.635) and females (n = 149, M = 3.369, SD = 0.650).

**Table No 2 -Independent sample t-test**

| Gender | N   | Mean   | Std. Deviation | Std. Error Mean | t-value | Sig. |
|--------|-----|--------|----------------|-----------------|---------|------|
| Male   | 135 | 3.3654 | .63510         | .05466          | -.055   | .956 |
| female | 149 | 3.3696 | .65041         | .05328          |         |      |

**Income & Intention to Invest**

H0: There is no significant difference in customer’s intention to invest in gold saving schemes by branded jewellers among different income groups.

H1: There is significant difference in customer’s intention to invest in gold saving schemes by branded jewellers among different income groups.

A one- way between -subjects ANOVA was run with income group (less than 30000, 30000-90000, above 90000) as independent variable and intention to invest in gold schemes as dependent variables. Results of ANOVA shown in Table 3 indicate that the income group had no significant effect on the intention to invest in gold schemes (F (2,281) = 0.664p=0.515). So the study failed to reject null hypothesis.

**Table 3- ANOVA- Income & Intention to Invest**

|                 | N   | Mean   | Std. Deviation | Std. Error | F    | Sig. |
|-----------------|-----|--------|----------------|------------|------|------|
| less than 30000 | 106 | 3.7053 | .68394         | .06643     | .664 | .515 |

|             |     |            |        |        |  |  |
|-------------|-----|------------|--------|--------|--|--|
| 30000-90000 | 79  | 3.72<br>25 | .54254 | .06104 |  |  |
| Above 90000 | 99  | 3.79<br>98 | .59231 | .05953 |  |  |
| Total       | 284 | 3.74<br>30 | .61478 | .03648 |  |  |

**Age & Intention to Invest**

H0: There is no significant difference in customer’s intention to invest in gold saving schemes by branded jewellers among different age groups.

H1: There is significant difference in customer’s intention to invest in gold saving schemes by branded jewellers among different age groups.

An independent sample t-test was run with age group (20-30 and 31-40) as independent variable and intention to invest in gold schemes as dependent variables. Results of analysis shown in Table 4 indicated that the age group had no significant effect on the decision to invest in gold schemes (t-value= 2.53, p=0.498).

**Table 4 –Independent Sample t-test**

| Age in years | N   | Mean   | Std. Deviation | Std. Error | t    | Sig. |
|--------------|-----|--------|----------------|------------|------|------|
| 20-30        | 109 | 3.7117 | .65255         | .06250     | 2.53 | .498 |
| 31-40        | 175 | 3.7626 | .59111         | .04468     |      |      |

**Domicile & Intention to Invest**

H0: There is no significant difference in customer’s intention to invest in gold saving schemes by branded jewellers among rural and urban consumers.

H1: There is significant difference in customer’s intention to invest in gold saving schemes by branded jewellers among rural and urban consumers.



Analysis of the data of independent t-test (Table 5a) found that for the urban domicile (n = 235) the mean score was 3.77 with a standard deviation of .608, while for the rural domicile (n = 49) the mean score was 3.57 with a standard deviation of .622. As can be seen from the table, since the significance value is 0.498, the present study failed to reject the null hypothesis, suggesting that there is no significant difference between male and female attitudes towards the intention to invest in gold schemes. Therefore, the independent t-test conducted to determine whether a difference exists between the mean of decision to invest in gold schemes suggested that there was no statistically significant difference between the scores for urban domicile (n =235, M = 3.77, SD = 0.635) and rural domicile (n = 49, M = 3.57, SD = 0.622). The 95% confidence interval was .018 to 0.39 the present study failed to reject the null hypothesis.

**Table 5 –Independent sample t-test**

| Domicile | N   | Mean   | Std. Deviation | Std. Error Mean | t     | Sig. |
|----------|-----|--------|----------------|-----------------|-------|------|
| Urban    | 235 | 3.7788 | .60847         | .03969          | 2.162 | .031 |
| Rural    | 49  | 3.5714 | .62220         | .08889          |       |      |

**Discussion**

There is a positive association between customer intention to invest in gold schemes and the factors brand name, financial benefits, security and service. An independent sample t test revealed that there is no significant difference between intention of male and female customers on investing in gold schemes by the jewellers. No significant difference between the rural and urban domicile in investing in the gold savings schemes were identified. The ANOVA results on the age groups and the intention to invest showed that there is no significant difference between the age groups and customer intention to invest in gold schemes. The relationship between income group and the customer intentions to invest in gold schemes were also examined and the findings demonstrated no significant association between income groups and customer intention to invest in gold schemes by branded jewellers.

**Conclusion**

The findings of the present study pointed out that customers consider gold as a security investment and all facets of society are interested in this investment irrespective of age, gender, income and domicile. Customers consider brand name, financial benefits, security and service of the branded jewellers relevant in their intentions to invest in gold schemes. So the branded jewellers should concentrate on improving their strategy to attract more customers by highlighting the benefits of joining the gold schemes. Customers are now aware of the fineness, purity and quality of gold sold by the branded jewellers. So branded jewellers should improve on their

customer service by providing attractive discounts, free maintenance for life free insurance for a year buy back guarantee etc.

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