



# A Study On Customer Preference Towards Digital Gold Among Physical Gold Female Investors With Special Reference To Coimbatore District

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## Abstract

This study examines customer preferences for digital gold investments among female physical gold investors in Coimbatore. It evaluates the awareness, factors influencing decisions, and perceived risks associated with digital gold. Through statistical analysis, including regression and chi-square tests, the research finds that demographic factors and perceptions significantly influence preferences, with younger and lower-income groups showing higher interest in digital gold. However, key factors like convenience, transparency, and security do not collectively or individually impact the decision to switch to digital gold. The findings emphasize the need for targeted marketing strategies and further exploration of psychological and technological factors to better understand investment behaviors.

**Key words:** Gold Investment, Digital Gold, Physical Gold, Investor Preferences, Investment Trends, Financial Security, Digital Platforms, Risk Perception, Investment Awareness, Women Investors, Convenience in Investment, Economic Impact, Cultural Significance.

## Introduction

In India, gold transcends its monetary value to hold deep cultural significance. This has not only been a monetary investment but has also been an emblem of prosperity and luck, which finds its way through traditions and festivities. Where there was always a liking for physical gold, more so in the form of jewelry, development in technology also gives a modern twist to owning gold through digital gold. Beyond the monetary value that gold has managed to acquire over time, in India's social and economic textile, gold holds a sacred place integrated into customs, ceremonies, and social norms. The Indian people have for long perceived gold as a symbol of riches, success, and cultural identity besides investment.

The selection between digital and physical gold has become crucial for people all over the world in the quickly changing world of investing. Physical gold has historically had a timeless appeal due to its tangible quality and enduring worth. Gold has investment and cultural value; it is frequently represented by jewellery, coins, or bars.

However, services that enable users to purchase and sell gold electronically, usually backed by genuine gold stored in secure vaults, have made digital gold more and more popular in recent years. A new paradigm is introduced with the emergence of digital gold, which is made possible by blockchain technology and cutting-edge financial instruments.

## DIGITAL GOLD MEANING

Digital gold" usually refers to an investment in which people can buy and hold gold electronically without holding it personally. Such digital gold investment is available for purchase through various platforms or applications from a financial institution, a Fintech firm, or an e-commerce company. Users of such services can purchase gold in small quantities, starting with just one gram. It confers security, transparency, and liquidity. These are some of the main reasons why most consider it a desirable investment.

In India, some of the famous Gold Exchange Traded Funds (ETFs) include:

- SBI Gold ETF
- HDFC Gold ETF
- ICICI Prudential Gold ETF

### Digital Gold Platform

Investors can buy, sell and hold gold digitally on a number of gold trading platforms in India. Many of these platforms allow customers to invest in small units of gold, up to 1 gram, by means of digital payment. Some examples of these digital gold platforms include:

- PhonePe Gold
- Google Pay Gold
- Paytm Gold

## STATEMENT OF THE PROBLEM:

The prominence of Comparing of physical gold, digital gold investors is more popular.

People are switching to digital gold due to its speed, ease of usage, and security.

The purpose of the study is to examine how investors is physical gold view, feel, and prefer digital

gold. Along with determining their concerns about securities and risk factors, the survey also analyses the factors that influence their decision-making.

## **OBJECTIVES:**

- To study the demographic profile of the investors.
- To know the awareness of digital gold among physical gold investors.
- To analyse the factors that influences the decision making of the physical gold investors and digital gold investors.
- To examine the risk associated with the digital gold from the perspective of physical gold investors.

## **SCOPE OF THE STUDY:**

The scope of the study Examining the attitudes and preferences of physical gold investors with relation to the usage of digital gold as an alternative investment is part of the study's focus. This involves evaluating elements that affect investor perceptions, such as perceived value in relation to conventional physical gold holdings, convenience, security, and trust. The study also investigates how technology literacy, investment experience, and demographics impact the acceptability of digital gold. Gaining knowledge about how physical gold investors view digital gold will help us understand how it can disrupt current investment methods and influence future investment behavior.

## **SIGNIFICANCE OF THE STUDY:**

The report provides valuable insights into the shifting landscape of gold investing, highlighting the transition from traditional physical gold to digital alternatives. This information is crucial for businesses and investors to adapt to changing customer preferences. It also aids financial institutions and advisors in developing diversified investment strategies that incorporate both digital and physical gold. Emphasizing technology's role in facilitating the move towards digital gold, the study suggests that innovation and accessible digital platforms could drive further growth. Additionally, focusing on Coimbatore, the research uncovers regional investment trends and consumer preferences, helping local businesses and financial institutions navigate the industry's opportunities and challenges.

## **REVIEW OF LITERATURE**

Themba G. Chirwa (2020), examines factors that influence both short- and long-term changes in the price of gold. Global stock and bond mutual funds are the study's variables. According to the study, there is an uptrend between changes in the price of gold and Nikkei stocks as well as the London stock exchange. However, both in the short and long terms, changes in the price of gold have a substantial negative impact

on GMO emerging nation debt and emerging markets.

Narinder Verma (2020), indicate that, over time, investors have a preference for gold exchange- traded funds (ETFs). Gold ETF investments are preferred by investors due to their stability, simplicity of trading, and safety. The authors conclude that bank deposits are the safest investment option, with bank deposits coming in second, before gold and investment options related to gold. In addition, the investor selects gold exchange-traded funds and life insurance products.

## **RESEARCH GAP:**

There is a significant research gap in understanding the factors influencing Coimbatore investors' preference for digital gold over physical gold. Key areas for exploration include the economic and regulatory impacts, tax implications, security concerns, and trust issues related to digital gold. Additionally, there is limited research on the behavioral and psychological aspects of transitioning from physical to digital gold, particularly regarding convenience, trust, and technology adoption. Addressing these gaps will offer valuable insights into investor decision- making in Coimbatore's gold investment market.

## **Research Methodology**

The research design outlines the study's plan, including the formulation of objectives, data collection methods, sample selection, data processing, and reporting of findings. The study uses Stratified Random Sampling to ensure each investor in digital gold has an equal chance of being included, focusing on investors transitioning from physical gold to digital gold, categorized by investment capacity. The sample size consists of 250 respondents from Coimbatore, using Simple Random Sampling to create a balanced sample by grouping respondents into categories such as age or income, and selecting randomly from those groups. Both primary and secondary data are collected to analyze the preferences of investors, particularly women, towards digital gold in Coimbatore.

**Analysis and Interpretation****ANOVA****Age vs Composite Awareness Score**

**H<sub>0</sub>:** There is no significant difference in the preferences for digital gold platforms across different age groups.

**H<sub>1</sub>:** There is a significant difference in the preferences for digital gold platforms across different age groups.

	N	mean	Std. Deviation	F	Sig.	
Which form of digital gold platform do you invest?	18-25 26-35 36-45 45 and Above Total	196 38 8 4 246	3.91 3.37 3.00 4.50 3.80	1.024 1.195 1.309 .577 1.082	4.910	.002
How would you describe your perception of digital gold as investment?	18-25 26-35 36-45 45 and Above Total	196 38 8 4 246	2.21 2.00 2.75 3.00 2.21	.984 1.040 .886 1.155 1.009	2.201	0.89
In your opinion what is the key factor that drives investors to adopt digital gold?	18-25 26-35 36-45 45 and Above Total	196 38 8 4 246	2.21 2.37 2.25 2.50 2.24	1.015 1.051 .886 .577 1.009	.333	.802
What factor do you consider when you invest in digital gold?	18-25 26-35 36-45 45 and Above Total	196 38 8 4 246	2.99 3.00 1.50 3.00 2.94	.865 .930 .535 1.155 .906	7.552	.000

**Interpretation:-**

The ANOVA analysis indicates significant differences in awareness and preferences for digital gold across age groups. Younger investors (18-25) show the highest preference for digital gold platforms, while the 36-45 age group has the lowest ( $F = 4.910$ ,  $Sig. = 0.002$ ), leading to the rejection of the null hypothesis. However, perception of digital gold as an investment ( $F = 2.201$ ,  $Sig. = 0.089$ ) and key adoption factors ( $F = 0.333$ ,  $Sig. = 0.802$ ) do not significantly differ across age groups. Investment considerations, however, vary notably ( $F = 7.552$ ,  $Sig. = 0.000$ ), with the 36-45 age group showing lower scores compared to younger investors. These findings suggest that while platform preference and investment priorities are influenced by age, perception and adoption factors remain consistent, highlighting the need for age-specific marketing strategies.

## Monthly income vs Composite Awareness Score

**H<sub>0</sub>:** There is no significant difference in the perception of digital gold as an investment across different income groups.

**H<sub>1</sub>:** There is a significant difference in the perception of digital gold as an investment across different income groups.

		N	mean	Std. Deviation	F	Sig.
Which form of digital gold platform do you invest?	10,001-25,000	60	3.97	.991	2.565	.055
	25,001-35,000	28	3.79	.876		
	Above 35,001	34	3.35	1.390		
	Less than <10,000	124	3.85	1.049		
	Total	246	3.80	1.082		
How would you describe your perception of digital gold as investment?	10,001-25,000	60	2.57	.851	6.452	.000
	25,001-35,000	28	1.64	.826		
	Above 35,001	34	2.35	1.098		
	Less than <10,000	124	2.13	1.012		
	Total	246	2.21	1.000		
In your opinion what is the key factor that drives investors to adopt digital gold?	10,001-25,000	60	2.00	1.042	3.997	.008
	25,001-35,000	28	2.07	1.052		
	Above 35,001	34	2.71	.906		
	Less than <10,000	124	2.27	.974		
	Total	246	2.24	1.009		
What factor do you consider when you invest in digital gold?	10,001-25,000	60	3.10	.951	5.238	.002
	25,001-35,000	28	3.14	.756		
	Above 35,001	34	2.41	.925		
	Less than <10,000	124	2.97	.864		
	Total	246	2.94	.906		

### Interpretation:-

The ANOVA analysis shows that income levels significantly impact perception, adoption factors, and investment considerations for digital gold, while platform preferences remain unchanged. Perception of digital gold varies significantly ( $F = 6.452$ ,  $Sig. = 0.000$ ), with lower-income groups having a more positive view. Adoption factors ( $F = 3.997$ ,  $Sig. = 0.008$ ) and investment considerations ( $F = 5.238$ ,  $Sig. = 0.002$ ) also differ by income, with higher earners prioritizing different aspects. These findings emphasize the need for income-specific marketing strategies to address diverse investor preferences.

**REGRESSION**

**H<sub>0</sub>:** The factors do not collectively have a significant impact on the decision to invest in digital gold.

**H<sub>1</sub>:** The factors collectively have a significant impact on the decision to invest in digital gold.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.157 <sup>a</sup>	.625	.004	1.101

The regression analysis reveals a very weak correlation ( $R = 0.157$ ) between the factors and the decision to invest in digital gold. Although  $R^2$  suggests that 62.5% of the variation is explained, this appears inflated given the low F-statistic, potentially indicating a data anomaly. The adjusted  $R^2$  of 0.004 confirms that the model explains almost none of the variance, highlighting a poor overall fit.

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.349	5	1.470	1.213	.304 <sup>b</sup>
	Residual	290.797	240	1.212		
	Total	298.146	245			

The F-statistic value of 1.213 indicates a low model fit, suggesting that the independent variables do not explain a significant portion of the variation in the dependent variable, which is the decision to invest in digital gold. Additionally, the significance value ( $p = 0.304$ ) is greater than 0.05, meaning the null hypothesis cannot be rejected. This implies that the factors collectively do not have a statistically significant impact on the decision to invest in digital gold.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.714	.244		11.141	.000
	what factors influence you to invest in digital gold? [Convenience]	.022	.066	.027	.327	.744
	what factors influence you to invest in digital gold? [Transparency of transactions]	.075	.076	.083	.987	.325

what factors influence you to invest in digital gold? [Security of investment]	.030	.079	.032	.375	.708
what factors influence you to invest in digital gold? [Market trends and returns]	.048	.072	.057	.673	.502
what factors influence you to invest in digital gold? [Brand reputation]	-.005	.063	-.006	-.073	.942

### Interpretation:-

The regression analysis indicates that the identified factors convenience, transparency, security, market trends, and brand reputation do not significantly impact the decision to invest in digital gold either collectively or individually. The adjusted R<sup>2</sup> value (0.004) highlights the model's inability to explain the variation in investment decisions. Additionally, the ANOVA p-value (0.304) confirms the insignificance of the model. This suggests that other factors not included in the analysis, such as demographic characteristics, psychological drivers, or technological literacy, may better explain investment behavior. Further research with an expanded set of variables is recommended to improve the model's explanatory power.

### CHISQUARE

#### Relationship between form of gold investment made at present and consider of shifting

**H<sub>0</sub>:** There is no significant association between the type of gold investment and the willingness to shift to digital gold in the future.

**H<sub>1</sub>:** There is a significant association between the type of gold investment and the willingness to shift to digital gold in the future.

### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
At the present which form of gold investment do you have? * Would you consider shifting some of your physical gold investments to digital gold in future?	246	100.0%	0	0.0%	246	100.0%

Count

		Would you consider shifting some of your physical gold investments to digital gold in future?			Total	Value	Asymptotic Significance (2-sided)
		Maybe	No	yes			
At the present which form of gold investment do you have?	Both	26	6	22	54	12.049 <sup>a</sup>	.017
	Digital gold	26	18	14	58		
	Physical gold	46	28	60	134		
Total		98	52	96	246		

### Interpretation:-

The chi-square analysis reveals a significant association between the type of gold investment and the willingness to shift to digital gold in the future (Chi-Square = 12.049,  $p = 0.017$ ), leading to the rejection of the null hypothesis. Physical gold investors show the highest willingness to shift to digital gold, with 60 expressing interests, while digital gold investors are the least likely to make the shift, with only 14 willing to do so. Those with both types of investments show a moderate level of willingness. These findings suggest that physical gold investors are more open to transitioning to digital gold, highlighting the need for targeted marketing strategies for this group.

### Findings

1. Younger investors (18–25 years) show the highest preference for digital gold platforms, while the 36–45 age group shows the least interest.
2. Income levels significantly influence perception and adoption of digital gold, with lower-income groups having a more positive view compared to higher-income groups.
3. Physical gold investors show the highest willingness to shift to digital gold, while digital gold investors are the least likely to consider transitioning.
4. The chi-square analysis highlights a significant association between the type of current gold investment and the willingness to transition to digital gold.

### Suggestions

1. Develop marketing campaigns targeting younger and lower-income groups, emphasizing affordability, convenience, and accessibility.
2. Conduct investor education programs to address concerns about risks, technology, and the benefits of digital gold.
3. Increase financial literacy among older and higher-income groups to build trust in digital gold platforms.
4. Improve digital gold platforms by integrating real-time tracking, personalized recommendations, and enhanced security features.

5. Conduct further research on variables like technology adoption, regional preferences, and emotional factors influencing investment behaviours.

## Conclusion:

The study highlights the shifting preferences of female investors in Coimbatore toward digital gold, with younger and lower-income groups favoring accessibility, while older and higher-income investors prioritize security. Despite its growing popularity, factors like convenience and brand reputation showed limited influence on investment decisions. Physical gold investors demonstrate a strong willingness to transition, emphasizing the need for targeted marketing, education, and platform improvements to drive broader adoption of digital gold. Addressing psychological drivers and increasing financial literacy will further support this transition, making digital gold a mainstream investment choice.

