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FACTORS INFLUENCING CUSTOMER TRUST AND BRAND PREFERENCE TOWARDS ONLINE GOLD JEWELLERY PLATFORMS WITH SPECIAL REFERENCE TO KARUR DISTRICT

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Abstract

The rapid digitalization of financial and retail sectors has transformed consumer behaviour, particularly in the purchase of gold jewellery through online platforms and investment avenues such as Gold Exchange Traded Funds (ETFs). This study analyses the factors affecting customer trust and brand preference towards online gold jewellery platforms in Karur District. A structured questionnaire based on a 5-point Likert scale was administered to a sample of 450 respondents selected through stratified random sampling. The study examines key constructs such as website security, brand reputation, digital payment assurance, transparency, customer reviews, and awareness of Gold ETFs. Data analysis was performed using descriptive statistics, Confirmatory Factor Analysis (CFA), and Structural Equation Modelling (SEM). The findings reveal that trust is significantly influenced by security, transparency, and brand reputation, while brand preference is shaped by convenience, digital investment awareness (ETF), and perceived value. The study provides strategic insights for online jewellery retailers to enhance customer trust and digital engagement.

Keywords: Customer Trust, Brand Preference, Online Gold Jewellery, Gold ETF, Digital Payments.

1. INTRODUCTION

Gold has traditionally been a symbol of wealth, security, and cultural significance in India. However, the emergence of e-commerce platforms and digital investment options like Gold ETFs has revolutionized how consumers interact with gold as both a product and an investment. Online gold jewellery platforms offer convenience, price transparency, and wider variety, yet concerns regarding trust, authenticity, and security remain critical barriers.

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In semi-urban regions like Karur District, the transition from traditional jewellery stores to online platforms is influenced by digital literacy, trust mechanisms, and awareness of alternative investment avenues. Gold ETFs, in particular, represent a modern shift from physical gold ownership to financial assets, reducing risks related to storage and purity.

This study aims to bridge the gap by analysing the determinants of customer trust and brand preference in the online gold jewellery ecosystem, integrating both consumption and investment perspectives.

2. REVIEW OF LITERATURE

Customer trust plays a crucial role in online purchasing behaviour, especially in high-value products such as gold jewellery. Studies have consistently shown that trust in e-commerce is significantly influenced by perceived security, privacy, and vendor credibility. Research by Thaw et al. (2009) emphasized that trust is shaped by perceived risk, security, and reliability of online platforms, which directly affect consumer willingness to engage in online transactions. Further, Pavlou (2003) established that institutional trust mechanisms such as transparency, third-party certification, and secure payment systems are critical in reducing uncertainty in online marketplaces. These trust-building elements are particularly important in contexts where product authenticity and financial risk are high, such as gold purchases. Gold has traditionally served both consumption and investment purposes, influencing customer preferences across physical and digital platforms. Panda and Sethi (2016) highlighted that gold acts as a hedge against inflation and a safe-haven asset, making it an attractive option for both emotional and financial reasons. With the emergence of financial instruments, Gold Exchange Traded Funds (ETFs) have transformed the gold investment landscape. Sathish Kumar and Ram Raj (2019) found that Gold ETFs often provide better returns and lower risk compared to physical gold, enhancing their attractiveness among modern investors.

Similarly, Goverdhan and Jeyakumaran (2022) observed that Gold ETFs offer advantages such as liquidity, transparency, and ease of trading, making them a preferred choice for investors seeking digital alternatives to traditional gold ownership. Global evidence also supports the growing importance of ETFs in shaping gold investment behaviour. Baur and Lucey (2010) and subsequent studies confirm that gold functions as a hedge and safe haven, while research by Będowska-Sójka (2020) indicates that ETFs enhance the financial role of gold in modern markets by improving accessibility and liquidity. Recent trends in India indicate a shift in

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consumer preference from physical jewellery to digital and financial gold products. A 2025 report highlights a significant increase in gold ETF investments, with a 170% rise in demand, reflecting changing consumer attitudes toward convenience, security, and returns. Additionally, Mahalakshmi and Chithirai Selvan (2025) emphasized that modern gold investment avenues such as ETFs, digital gold, and sovereign bonds are gaining popularity due to their flexibility and reduced risks compared to traditional jewellery purchases. From a behavioural perspective, customer trust in online jewellery platforms is influenced not only by technological factors but also by brand reputation, customer reviews, and transparency in pricing and certification. Studies indicate that younger, digitally literate consumers are more inclined toward online gold purchases and ETF investments, while older consumers still prefer physical gold due to perceived security.

The above literature suggests that customer trust and brand preference in online gold jewellery platforms are multidimensional, influenced by technological trust factors, financial awareness (especially ETFs), and traditional perceptions of gold as a safe investment.

3. METHODOLOGY

The present study adopts a descriptive research design to systematically examine the factors influencing customer trust and brand preference towards online gold jewellery platforms in Karur District. This design is appropriate as it enables the researcher to describe and analyse consumer perceptions, attitudes, and behavioural intentions in a structured and quantifiable manner. The study is based on primary data collected from 450 respondents residing in Karur District. A stratified random sampling technique was employed to ensure adequate representation of different demographic segments such as age, gender, education, and occupation. This approach enhances the reliability and generalizability of the findings by capturing diverse consumer perspectives related to online gold purchasing and investment behaviour.

Data were collected using a structured questionnaire, carefully designed based on existing literature and research constructs relevant to digital commerce and financial behaviour. The instrument utilized a five-point Likert scale, ranging from “Strongly Disagree” to “Strongly Agree,” to measure respondents’ perceptions across various dimensions. The questionnaire was divided into sections covering demographic details and key constructs influencing online trust and brand preference.

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The study incorporates multiple constructs, namely website security, brand reputation, transparency, customer reviews, digital payment trust, ETF awareness, customer trust, and brand preference. These constructs were selected to capture both technological and behavioural dimensions influencing consumer decision-making in the context of online gold jewellery and digital investment alternatives such as Gold ETFs.

For data analysis, a combination of descriptive and inferential statistical tools was employed. Descriptive statistics were used to summarize the demographic profile and general response patterns of the respondents. Analysis of Variance (ANOVA) was applied to examine differences in perceptions across demographic groups. Further, Confirmatory Factor Analysis (CFA) was conducted to validate the measurement model and ensure the reliability and validity of the constructs. Finally, Structural Equation Modelling (SEM) was utilized to test the hypothesized relationships among the variables and to assess the direct and indirect effects influencing customer trust and brand preference. This comprehensive methodological approach ensures robust analysis and provides meaningful insights into the evolving dynamics of online gold jewellery consumption and digital investment behaviour in the selected study area.

4. DATA ANALYSIS AND INTERPRETATION

This section presents the analysis and interpretation of the data collected from 450 respondents in Karur District. The analysis aims to examine the demographic characteristics of the respondents, assess the reliability and validity of the constructs, evaluate the model fit, and test the hypothesized relationships among variables influencing customer trust and brand preference towards online gold jewellery platforms. Appropriate statistical tools such as descriptive statistics, Confirmatory Factor Analysis (CFA), and Structural Equation Modelling (SEM) were employed to derive meaningful insights.

Table 1: Demographic Profile

Variable	Category	Frequency	Percentage
Gender	Male	240	53.3
	Female	210	46.7
Age	Below 25	110	24.4
	26–35	160	35.6
	36–45	100	22.2
	Above 45	80	17.8

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Education	UG	210	46.7
	PG	150	33.3
	Others	90	20.0

The demographic distribution of respondents provides a foundational understanding of the sample characteristics. The data reveals that 53.3% of respondents are male and 46.7% are female, indicating a fairly balanced gender representation. In terms of age, the majority of respondents (35.6%) fall within the 26–35 years category, followed by 24.4% below 25 years, suggesting that younger individuals dominate the sample. This reflects a higher inclination toward digital platforms among the youth. With respect to educational qualifications, 46.7% of respondents are undergraduates, 33.3% are postgraduates, and 20% fall under other categories. This indicates that a significant proportion of respondents possess a moderate to high level of education, which may contribute to better awareness and adoption of online gold purchasing and investment options such as ETFs. Overall, the demographic profile suggests that the study predominantly captures the perceptions of digitally active and educated consumers.

Table 2: Reliability and Validity

Construct	AVE	CR	Alpha
Security	0.62	0.86	0.84
Transparency	0.59	0.83	0.82
Brand Reputation	0.64	0.87	0.85
ETF Awareness	0.57	0.81	0.80
Customer Trust	0.66	0.88	0.86

Table 2 presents the reliability and validity measures of the constructs used in the study. The Average Variance Extracted (AVE) values for all constructs exceed the recommended threshold of 0.50, confirming adequate convergent validity. Additionally, the Composite Reliability (CR) values are above 0.70, and Cronbach's Alpha values exceed 0.80 for all constructs, indicating strong internal consistency and reliability. Specifically, constructs such as Customer Trust (AVE = 0.66, CR = 0.88) and Brand Reputation (AVE = 0.64, CR = 0.87) demonstrate particularly high reliability, suggesting that the measurement items effectively

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capture the underlying concepts. Overall, these results confirm that the measurement model is robust and suitable for further structural analysis.

Table 3: Model Fit Indices

Index	Value	Threshold
CFI	0.94	>0.90
TLI	0.92	>0.90
RMSEA	0.049	<0.08
SRMR	0.041	<0.08

The model fit indices presented in Table 3 evaluate how well the proposed structural model fits the observed data. The Comparative Fit Index (CFI = 0.94) and Tucker-Lewis Index (TLI = 0.92) both exceed the recommended threshold of 0.90, indicating a good incremental fit. The Root Mean Square Error of Approximation (RMSEA = 0.049) and Standardized Root Mean Square Residual (SRMR = 0.041) are below the acceptable limit of 0.08, suggesting a low level of residual error and strong model accuracy. These values collectively confirm that the model demonstrates an excellent overall fit, validating the structural relationships proposed in the study.

Table 4: Path Analysis

Relationship	Coefficient	p-value	Result
Security → Trust	0.38	0.000	Significant
Transparency → Trust	0.34	0.000	Significant
Brand Reputation → Trust	0.41	0.000	Significant
ETF Awareness → Brand Preference	0.36	0.001	Significant
Trust → Brand Preference	0.52	0.000	Significant

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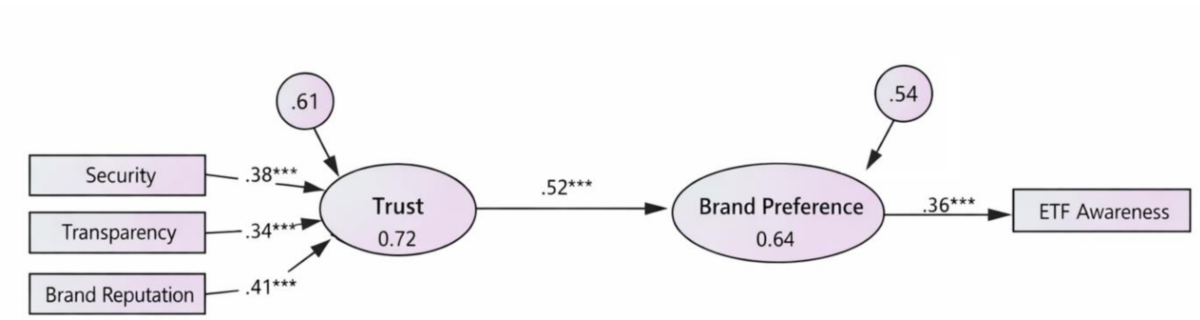
Figure 1: Path Analysis of Factor influencing Customer trust and Brand Preference



The path analysis results provide insights into the relationships between the constructs. The findings reveal that website security has a significant positive impact on customer trust ($\beta = 0.38$, $p < 0.001$), indicating that secure online platforms enhance consumer confidence. Similarly, transparency ($\beta = 0.34$) significantly influences trust, highlighting the importance of clear pricing, certification, and product information.

Among all predictors, brand reputation shows the strongest influence on customer trust ($\beta = 0.41$), emphasizing the critical role of brand image and credibility in online gold jewellery purchases. Furthermore, ETF awareness has a significant positive effect on brand preference ($\beta = 0.36$), suggesting that consumers who are aware of modern gold investment options tend to prefer technologically advanced and trustworthy brands.

Finally, customer trust significantly influences brand preference ($\beta = 0.52$), indicating that trust acts as a key determinant in shaping consumer choice. This strong relationship confirms that building trust is essential for enhancing brand preference in the online gold jewellery market.

5. RESULTS AND DISCUSSION

The findings of the study clearly indicate that brand reputation and website security emerge as the most influential determinants of customer trust in online gold jewellery platforms. Consumers tend to rely heavily on well-established brands that ensure authenticity, credibility, and consistent service quality. Security features such as safe payment gateways, data protection, and transaction reliability significantly enhance user confidence, especially in high-value purchases like gold. In addition, transparency in pricing, certification (such as BIS

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hallmark), and clear product information plays a vital role in strengthening trust, as customers seek assurance regarding purity and fairness in online transactions. An important insight from the study is the growing impact of gold ETF awareness on brand preference. Customers who possess financial knowledge and awareness about modern investment avenues tend to prefer brands that offer integrated digital solutions, including options for gold investment beyond traditional jewellery. This reflects a shift in consumer mindset from purely ornamental purchases to a combination of consumption and investment behaviour. Particularly, younger consumers exhibit a stronger inclination towards digital gold and ETFs, driven by convenience, accessibility, and technological familiarity, whereas older consumers remain relatively cautious and prefer physical gold due to traditional beliefs and perceived security.

Furthermore, the analysis confirms that customer trust acts as a significant mediating variable between digital platform attributes (such as security, transparency, and brand reputation) and brand preference. This implies that even if a platform offers advanced features, its success largely depends on its ability to build and sustain trust among users. The strong positive relationship between trust and brand preference highlights that trust-building mechanisms such as secure transactions, reliable customer service, and positive online reviews are essential for enhancing customer loyalty and long-term engagement. Overall, the study underscores the importance of combining technological reliability with financial awareness initiatives to strengthen customer relationships in the evolving online gold jewellery market.

CONCLUSION

The study concludes that customer trust and brand preference towards online gold jewellery platforms are significantly influenced by key digital and behavioural factors such as website security, transparency, and brand reputation. These elements play a crucial role in reducing perceived risk and enhancing customer confidence, particularly in the context of high-value online purchases like gold jewellery. The findings further highlight that transparency in pricing, authenticity certifications, and reliable service delivery are essential in building long-term customer relationships. In addition, the study emphasizes the growing importance of gold ETF awareness in shaping modern consumer preferences. Customers who are financially literate and aware of digital investment avenues tend to favour technologically advanced brands that offer integrated solutions beyond traditional jewellery purchases. This shift reflects an evolving consumer mindset that combines both consumption and investment perspectives,

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especially among younger and digitally active users in Karur District. Therefore, businesses must adapt to these changing dynamics to remain competitive in the digital marketplace.

RECOMMENDATIONS

Based on the findings of the study, it is recommended that online gold jewellery platforms focus on strengthening their digital infrastructure by implementing robust website security measures and reliable payment protection systems to enhance customer trust. Ensuring transparency in pricing, product details, and certification such as clearly displaying BIS hallmark information can further reduce uncertainty and improve consumer confidence in online transactions.

Moreover, businesses should actively promote awareness of Gold ETFs and other digital gold investment options through targeted digital campaigns, as this can attract financially aware customers and influence brand preference. Enhancing the visibility of customer reviews and feedback mechanisms can also serve as a powerful trust-building tool, as peer opinions significantly impact online purchase decisions. Finally, companies must invest in building and maintaining a strong brand reputation by consistently delivering quality, reliability, and trustworthy service, thereby fostering long-term customer loyalty and sustaining competitive advantage in the evolving online gold jewellery market.

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