

How Rising Gold Prices Are Impacting Consumers and the Industry



Exploring the Ripple Effect of Gold Price Surges on Consumers and the Jewellery Industry. How innovation and strategy are shaping the future of India's golden market.

Gold. The shimmering metal that has captivated the hearts of millions, across generations, cultures, and borders. In India, gold is more than just a precious metal—it's a symbol of prosperity, tradition, and wealth. But with the recent surge in gold prices, the industry is facing a crucial turning point, where consumers, retailers, and manufacturers are all feeling the heat.

As gold prices soar to unprecedented levels, how is this dynamic affecting the consumers who adore it, the retailers who depend on it, and the jewelers who craft it? More importantly, what does the future hold for an industry that has weathered many storms but never quite like this one?

The Shifting Sands of Consumer Behavior

Consumers in India have always viewed gold as an emotional investment—a safety net for uncertain times. However, as prices spiral upwards, there's a noticeable shift in purchasing habits. For many middle-class families, the cost of

buying gold has become a significant barrier. The larger pieces once favored during weddings and festive seasons are now slipping out of reach for a growing segment of the population.

This has led to an interesting turn: consumers are now leaning toward smaller, lightweight jewellery pieces, balancing the love for gold with price considerations. Simultaneously, there's an increasing demand for alternative options—lab-grown diamonds, digital gold, and gold ETFs—which offer more affordability without sacrificing quality.

As the price tag on gold increases, so does the desire for smarter, more economical choices. This shift in buying behavior is pushing the industry to rethink its offerings and cater to the evolving demands of a price-sensitive, yet gold-loving, nation.

Retailers: Striking a Balance Between Tradition and Transformation

For retailers, the rising gold prices are nothing

short of a double-edged sword. On the one hand, the demand for gold remains high, especially during key occasions like Diwali and weddings. On the other hand, the higher costs are squeezing their profit margins and forcing them to rethink pricing strategies.

Retailers are grappling with how to stay competitive without alienating consumers who are wary of the escalating prices. They're also facing the challenge of managing their inventory, with higher gold prices cutting into the profits on each item sold.

But here's the silver lining—retailers who can innovate and offer unique, value-driven experiences are weathering the storm. There's a growing trend toward customizable jewellery, where consumers have a say in the design, and high-quality, lighter-weight pieces that cater to both price sensitivity and aesthetic appeal. The demand for jewelry with a story—whether through design, craftsmanship, or heritage—is flourishing, and the smart retailers are capitalizing on this.

Exclusive Interview with Mr. Rajesh Rokde, Chairman, GJC



In an exclusive interview, we spoke with Mr. Rajesh Rokde, Chairman of the Gem & Jewellery Council of India (GJC), who has been at the forefront of the industry's efforts to overcome current hurdles.

Here are some key takeaways from the conversation:

1. Impact on Retail Jewellery Sales

The recent surge in gold prices has not dampened the enthusiasm for gold jewellery in India. Despite higher prices, retail jewellery sales have remained robust, driven by the upcoming festive and wedding seasons. Consumers are still eager to invest in gold, perceiving it as a valuable asset and a symbol of prosperity.

2. Shifting Consumer Preferences

While higher prices have led to some shift towards lighter jewellery and digital gold, traditional gold jewellery remains in high demand. Consumers are also exploring gold alternatives like silver and gemstones, but gold continues to be the preferred choice for special occasions.

3. Challenges for Small and Medium Jewellers

Small and medium jewellers are facing challenges in terms of inventory management and pricing strategies. However, many are adapting by offering innovative designs, leveraging digital platforms, and focusing on customer service to stay competitive.

4. Regional Trends

GJC has observed that urban areas are driving the demand for gold jewellery, with a focus on branded and certified products. Rural areas, on the other hand, are showing a strong affinity for traditional gold jewellery, often purchased as an investment.

5. Sustainability of Current Price Levels

Given the current global economic uncertainty and geopolitical tensions, I believe that gold prices are likely to remain strong. The industry is preparing for the upcoming festive and wedding season by innovating designs, offering competitive pricing, and leveraging digital marketing strategies.

Outlook for Gold and Silver

Both gold and silver are expected to perform well in the coming months, driven by safe-haven demand and industrial applications. As the festive season approaches, we anticipate a surge in demand for both metals.

Veteran Insights: Navigating the Gold Price Surge

To better understand how the industry is responding to the changing landscape, we reached out to industry veterans, whose expertise and experience shed light on the broader picture. Their views are a crucial window into how the industry is adapting to the challenges posed by skyrocketing gold prices.

Mr. Avinash Gupta - Vice Chairman - GJC, Partner at Mamraj Mussadilal Jewellers

The rising gold prices haven't diminished India's unshakable trust in this precious metal. Gold continues to serve as a symbol of cultural



significance and a reliable investment. While there has been a slight impact on sales due to elevated prices, it is important to note that the hit has not significantly affected sales volumes. Consumers are creatively blending old jewelry with new designs, ensuring their connection to tradition

while embracing modern trends. The festive and wedding season, especially with Akshay Tritiya around the corner, boosts the demand for fresh purchases. Despite earlier market concerns, the sentiment around gold remains strong, and the popularity of silver jewellery as an alternative is also growing. Together, they reflect India's enduring love affair with precious metals, even in dynamic market conditions.

Saiyam Mehra - Director - Unique Chains And Jewels Limited, (Past Chairman All India Gem and Jewellery Domestic Council)



The rising gold prices have undoubtedly reshaped consumer behavior and market dynamics. While some customers view gold as a secure investment and continue to buy, others are more cautious, seeking alternatives or lighter-weight options. As businesses, we must adapt to these shifts, innovate, and maintain trust to navigate these challenging times effectively.

Nilesh Sohanlal Shobhawat (Partner) Rajmudra Jewellers

With gold prices at historic highs, many consumers are indeed holding off on buying new jewelry, hoping for a price drop. Others are taking advantage of the high prices to sell their old jewelry and book profits. This shift in consumer



behavior is likely to impact jewelry sales and industry trends.

On the other hands we are thinking of increasing the production of 18lt Hand Made Jewellery and also concentrating on making of light weight products which will be affordable for consumers.

This could be an effective strategy to attract price conscious buyers and boost sales.

Nitin khandelwal, Khandelwal Jewellers Akola Pvt.Ltd

With gold prices steadily rising, we've seen a noticeable shift in customer behavior. While



footfall hasn't reduced drastically, many buyers are now more cautious. Instead of going for heavy bridal sets or large pieces, customers are leaning toward lightweight jewellery, daily wear items, or gold coins and bars as a safer investment option. There's also a spike in inquiries about exchange

offers or converting old jewellery, which tells us people still want to engage with gold—just more strategically.

Interestingly, the rise in price has created a sense of urgency among some buyers who believe rates may go even higher, so they prefer to purchase now rather than wait. That has helped balance out the dip in big-ticket purchases. Overall, demand hasn't vanished, but it's definitely more value-conscious and investment-driven at this point.

Sachin Jain, Regional CEO, India, World Gold Council

Gold purchases have traditionally been an integral part of Akshaya Tritiya celebrations for millions of Indians, symbolising prosperity and good fortune. We are currently witnessing, sky rocketing gold prices – 'gold's era'. This year marks a significant period for gold, with global prices increasing by 25% since January and reaching a record high of USD 3500 per ounce. In India, gold prices have hit historic highs of Rs 1 lakh per 10 grams, reinforcing the belief in the yellow metal. Gold's status as a safe haven is at an all-time high, and it is anticipated that Indians will continue to purchase gold this Akshaya Tritiya regardless of price fluctuations. Industry feedback suggests a strong buyer interest in various forms of gold, including higher carat gold jewellery, gold ETFs, digital gold, and coins and bars, further solidifying gold's role in Indian households. Despite external factors such as tariff-related uncertainties, gold jewellery retailers are well-stocked and optimistic about favourable buying behaviour. With seasonal and wedding-related demand also influential, robust gold purchasing is expected this festive season."

