



The global investment market: new perspectives on consumer behaviour



About the World Gold Council

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market. We develop gold-backed solutions, services and products, based on authoritative market insight and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors.

We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East and the US, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

For more information

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Methodology overview:

The World Gold Council commissioned market research in the world's major investment markets: China, India, Germany and the US. To provide an in-depth understanding of the gold market, KANTAR TNS conducted a two-phase study involving qualitative and quantitative research. The first phase consisted of a qualitative online diary and focus groups. The second phase was a quantitative survey amongst 2,000 men and women (per market) aged 18-65, that have made an investment in the last 12 months (excluding people who only added money to their saving account). The study used proprietary Matrix methodology to identify the different types of investors, their needs and how the gold industry can respond to create mutual value. The qualitative fieldwork was conducted in October 2015 and the quantitative fieldwork in March 2016.

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Foreword

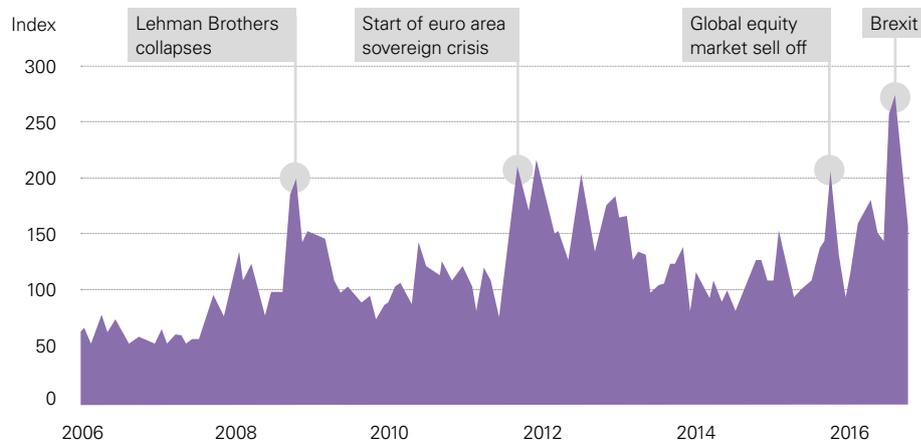
The global gold bar and coin market has boomed in the past 10 years. In 2006 global demand was 430t; by 2015 it had more than doubled to 1,051t. In monetary terms the growth is even more dramatic, surging from just under US\$10bn to almost US\$40bn.

A number of factors have underpinned this growth. The first is the opening up of new markets: in China, for example, it was illegal for individuals to own gold bullion before 2004. But more generally, successive financial crises have tested investors' faith in

governments, banks, monetary policies and fiat currencies around the world.

In 2016 we concluded a comprehensive research programme investigating gold buying behaviour across the major markets – China, India*, Germany and the US. The objective was to better understand what motivates people to buy gold, what their purchase journey looks like, and what the triggers and barriers are when it comes to buying gold. And, importantly, to assess the potential for growth in global retail gold investment.

Global economic policy index uncertainty has increased sharply over the past 10 years



Source: www.policyuncertainty.com

*See appendix for more information on why this report focuses on Indian urban population.

Demand across the top 4 gold bar and coin markets in 2015 accounted for 58% of global demand



The most encouraging finding of the research is that the global retail investment market is well positioned for growth, with latent demand for gold in China, India, Germany and the US.

Converting this latent demand will not be easy. Retailers will need to carefully consider investors' attitudes to risk, investment needs and how people gather information before making an investment decision.

For example, the investment markets in the mature economies of the US and Germany are characterised by more conservative investor behaviour. In China and India – countries which experience faster rates of growth – a more speculative approach prevails.

How investors gather information differs across markets, too. Social media is very important in both China and India. In the US, financial advisors and financial websites are key. And in Germany banks play an important role.

This report is a summary of just some of the key finding from our research. We hope it will help mints, fabricators, banks and other retailers think about how to convert some of this global latent demand into sales.

We welcome the opportunity to discuss these insights in more detail with those looking to grow their businesses.

The global retail investment market is well positioned for growth.

Two thirds of people believe gold will never lose its value in the long-term.

Section 1

The retail gold investment market is well positioned for growth



General attitudes and behaviours in investment vary across markets, influenced by underlying cultural norms

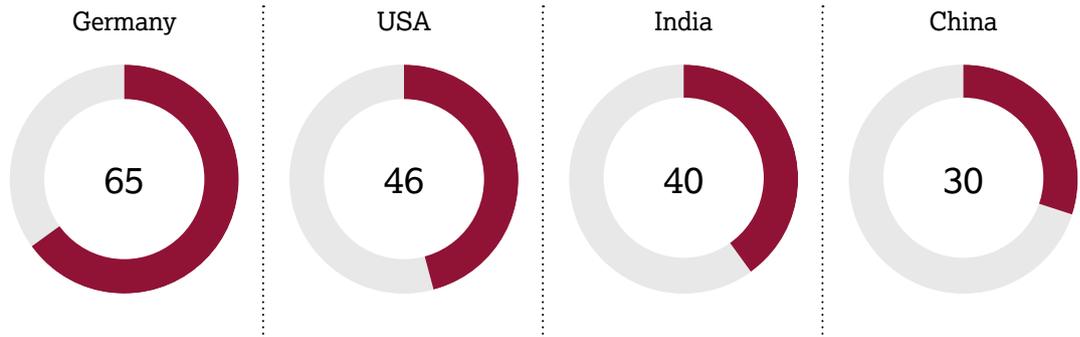
In today's volatile financial climate, the need to protect against changing economic fortunes is top of mind among many investors. But more fundamental cultural norms also play an important role in guiding investment decisions.

These differences are reflected in attitudes to investment. For example, developing markets are more open to speculative approaches; sustained high levels of economic growth allow Chinese and Indian investors to be confident

about high returns. Slow economic growth and recent financial crises underpin a more cautious approach in the US and Germany.

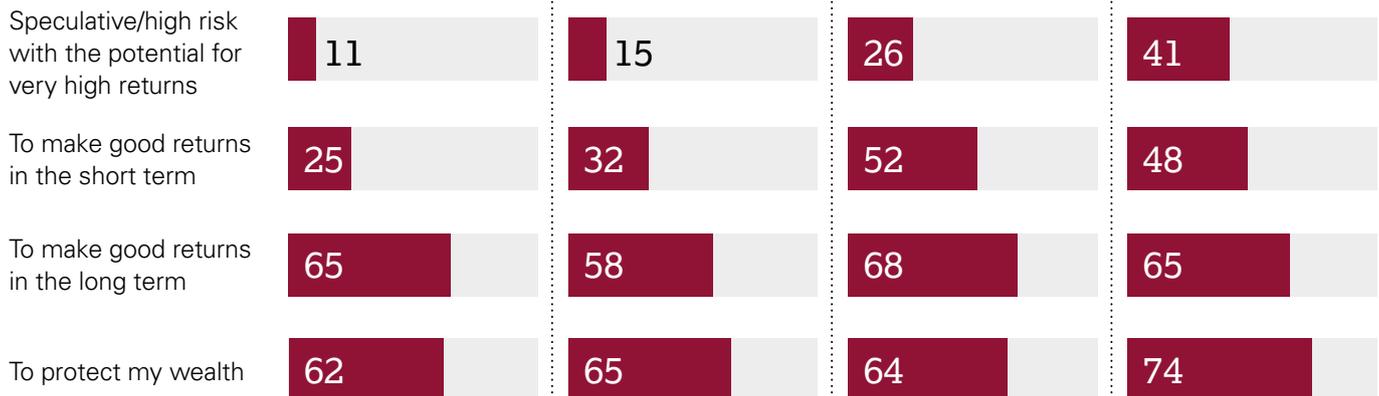
Investors in developed economies are generally more cautious

Hofstede's Uncertainty Avoidance Index expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity



China and India have a higher proportion of speculative and short term investors than Germany and the US

% with an investment fulfilling each role





CHINA GOLD

Au9999
1000g
中国黄金
CHINA GOLD

CHINA GOLD

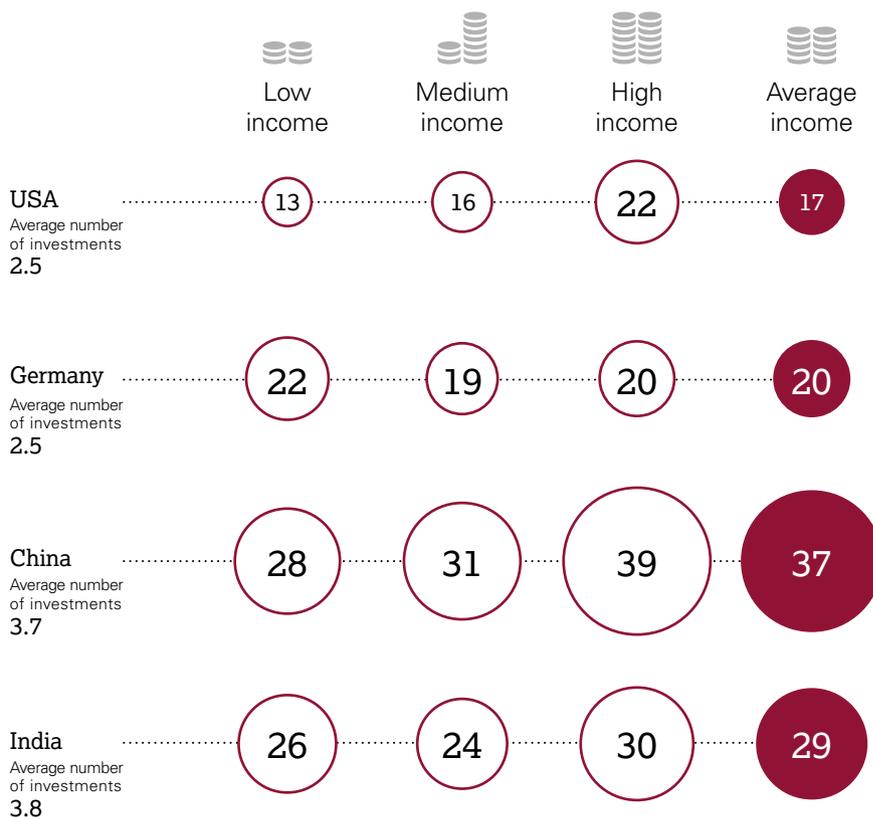
中国黄金

Investors in developing markets are willing to invest more of their income

The Chinese invest more than double the share of their income compared to Americans: 37% vs. 17%. Perhaps reflecting their greater enthusiasm for speculation, developing market investors also invest in a broader range of products. In India, the average number of investments held is 3.7, compared with only 2.5 in Germany and the US. Developing market investors' commitment to investing is linked to a mind-set focused on providing for the future. In developed markets, there is more of a balance between the need to plan for old age and the desire to live for today. The way gold investment products are positioned in different markets needs to reflect these underlying cultural dynamics.

In most markets people with a higher income invest a greater proportion of their income

% of income invested



Gold is unique amongst investments in delivering rational as well as emotional security

In contrast to more volatile financial market investments, gold is valued for being a solid and stable means to protect wealth. The physicality of gold is reassuring – its tangibility complements the sense of security it generates.

“ There is a safety in the physical presence of gold, no fear. ”

India, male, young millennial

Across all markets, physical gold plays an important wealth protection role
% describing the role of each investment as ‘to protect my wealth’

“ The thing that draws people to gold bars and coins is their tangibility. People are distrustful of banks and the virtual world of stocks. They feel more secure with something they can actually see. ”

US, gold owner



Stocks and
Shares

7



Corporate
Bonds

18



Insurance
products

30



Gold-backed
Financial Products

32



Physical Gold
(Bars and Coins)

44



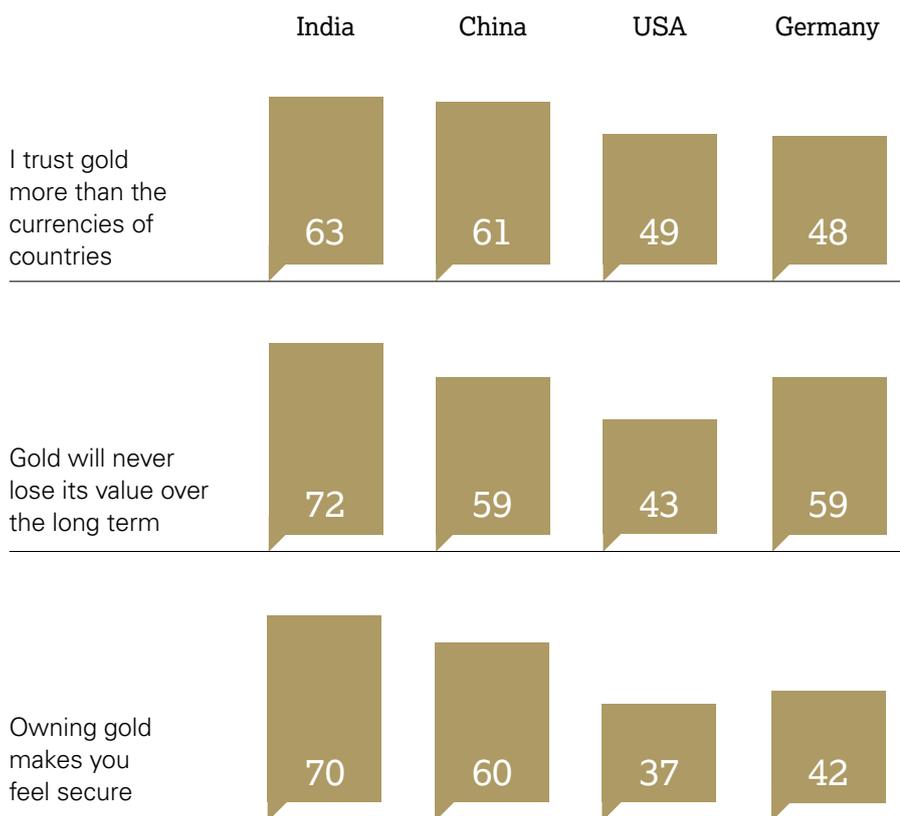
Savings
Accounts

63

And in Germany, gold bars are more likely be seen as protecting wealth (65%) than Savings Accounts (60%).

People have some very positive attitudes about gold investments

% agreeing with each statement



Gold is unique as a financial asset in that childhood memories can help shape attitudes towards it as an investment. In developed markets, many are inspired by parents or grandparents who collected gold coins, making gold a default means of saving in their mind. In developing markets, gold has always been part of life, and the assumption that one would buy gold as an investment is instilled from an early age.

“ I can still remember clearly how my father showed me his coin collection from the vault. Proudly, he used to tell me an impressive history to each coin. Even today it evokes the same feelings – I like to take some coins in my hand to feel the weight. ”

Germany, male, gold owner

The aspiration to own gold holds strong regardless of income and proportion invested

Across all four markets, people with higher incomes, and those who invest a higher proportion of their income, are more likely to have invested in gold bars or coins.

However, when it comes to investing more, the desire for gold is equally high across all income and investment levels. Being a small-scale investor does not appear to weaken gold's appeal.

To capitalise on this positive sentiment, and overcome some perceived barriers to purchase, there are simple steps the industry can take. Creating and communicating low unit cost entry points for gold investment could help expand the audience of potential investors. In particular, it would maximise gold adoption amongst younger generations not yet investing a significant proportion of their income.

“ I had to go to a couple of stores and none of them had a 10g bar. I felt the sales person looked down at me. ”

China, female, young millennial

People with a higher income are more likely to have invested in gold bars and coins

% ever invested in gold bars or coins by income level

Low income 	Medium income 	High income 
23	24	37

The higher proportion of their income people invest, the more likely they are to have invested in bars and coins

% ever invested in Gold bars or coins by proportion of income invested

0-9% of income invested	10-19% of income investment	20%+ of income invested
8	18	32

The desire to invest more in gold is similar for all income levels

% who would invest in gold bars or coins if given \$1000 (or local equivalent) by income level

Low income 	Medium income 	High income 
16	14	16

The desire to invest more in gold is high for all investment levels

% who would invest in gold bars or coins if given \$1000 (or local equivalent) by proportion of income invested

0-9% of income invested	10-19% of income investment	20%+ of income invested
17	16	16



Positive attitudes to gold suggest untapped potential above and beyond current investment levels

Across all four markets there is significant latent demand for gold. Moreover, this latent demand exists for all gold investments, both physical gold (bars and coins) and gold-backed financial products, gold ETFs and gold accumulation plans.

Share of mind is a measure used in market research to assess the growth potential of a product or category. Here it represents the share of investment we expect people to allocate to gold bars and coins based on their ideal preferences.

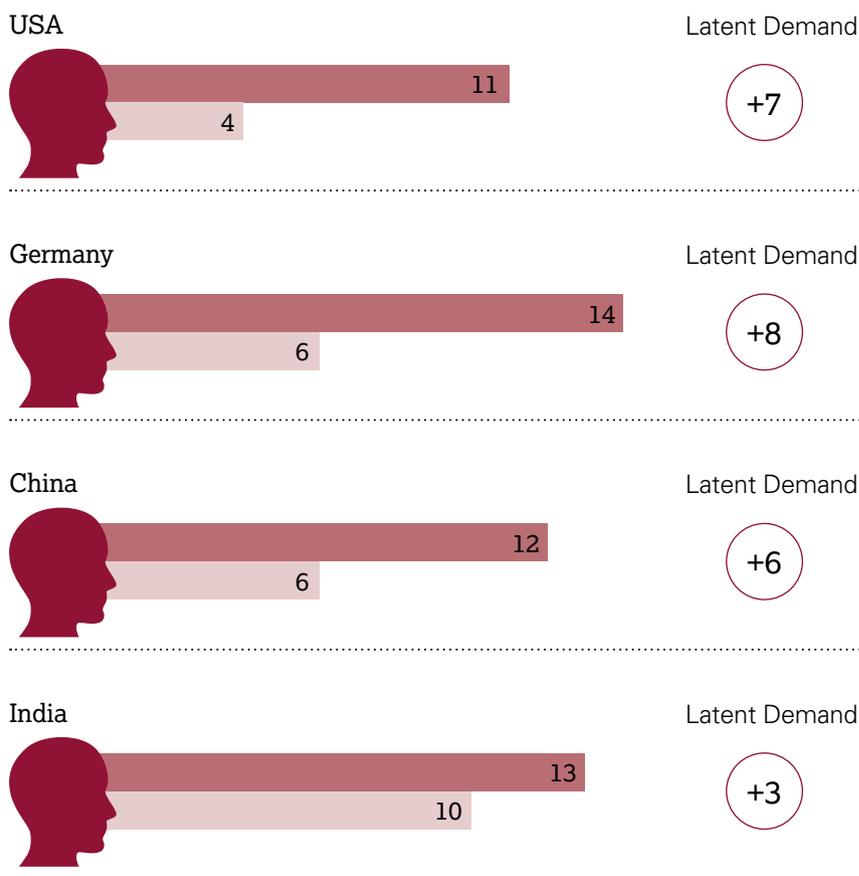
Share of investment equates to actual investment in gold bars and coins.

Latent demand comes from comparing share of mind with share of investment. This helps us to understand whether there is untapped demand for certain products or if some investments may be under threat. For certain products or if some investments may be under threat.

Share of mind for gold bars and coins exceeds current investment levels, indicating global latent demand

% share of mind and share of investment for gold bars and coins

■ share of mind ■ share of investment



This high attachment to gold arises from a number of important associations in investors' minds. As previously explained, gold is seen to be particularly good at wealth protection; investors appreciate the way gold makes them feel secure; they acknowledge gold's robustness compared to local currencies and the way it retains its value over the long-term. In addition, optimism about the future gold price drives up positive regard for gold.

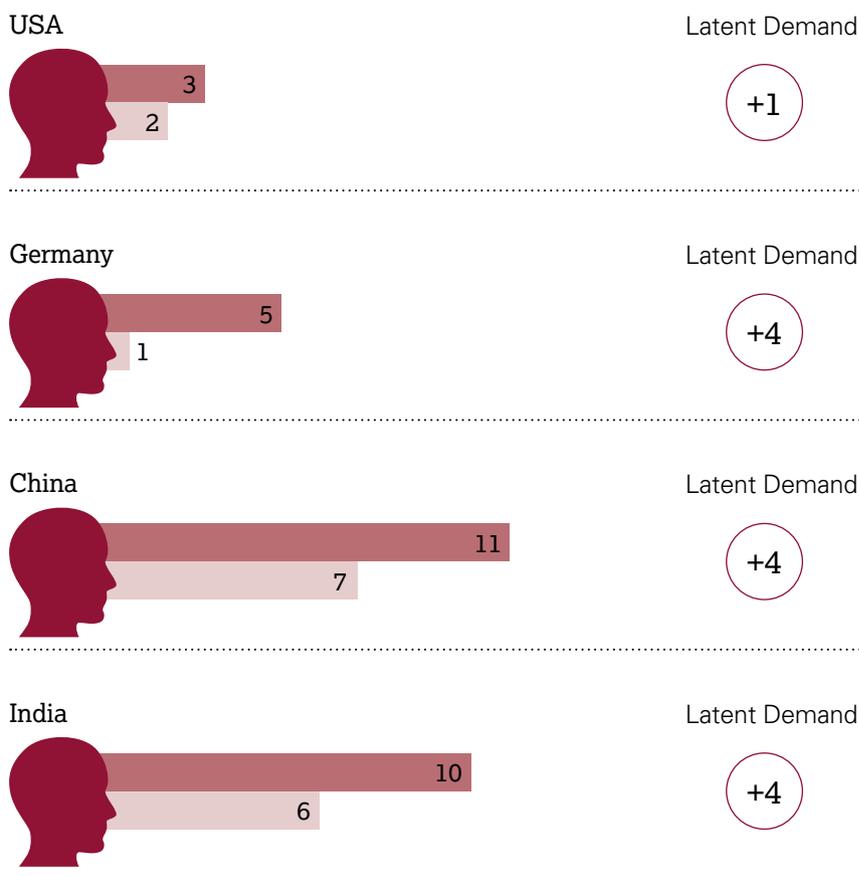
More emotive factors are also important, such as the nostalgia born of happy childhood memories, as well as the opportunity to fulfil lifelong ambitions by investing in gold. There are market-specific nuances: gold's association with bringing luck is important in China, whilst its ability to command respect is valued in India.

It is clear there is further opportunity for gold when looking at the current dynamics around competing investment options. Weakening support for stocks and shares in China, Germany and the US may give gold a chance to increase sales, as could addressing the inertia that drives investments in savings accounts.

Share of mind for gold-backed financial products exceeds current investment levels, indicating some latent demand in all markets

% share of mind and share of investment for gold-backed financial products

■ share of mind ■ share of investment



Section 2

An investor's purchase journey

“ My friend made money investing in physical gold, so he persuaded me to invest in it too. He told me everything I needed to know. ”

China, male, investor



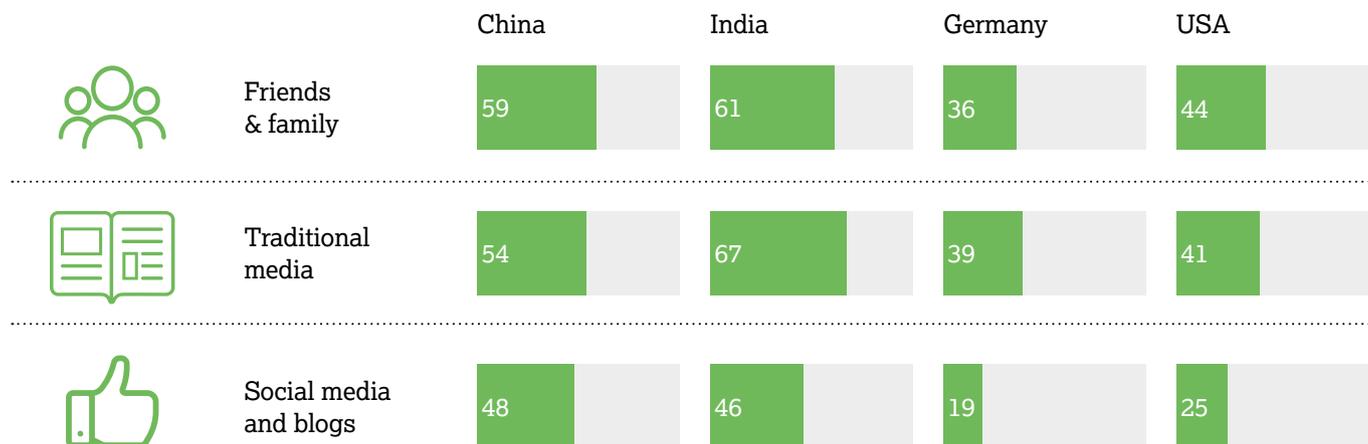
Friends and family are among the most popular sources of information

Though information-seeking behaviours differ across markets, some similarities exist. The top spot for most popular source goes to 'friends and family' or traditional media. Digital media sources, especially financial websites, social media and blogs, are also now globally well-established points of reference, and likely will become more important.

Investors in India and China are more diverse in their information-seeking: a larger proportion of investors in these markets than in developed ones make use of a wide range of external sources. Almost no one in these markets relies on their own judgement without seeking advice.

Digital media has become a key source of information on investments in all markets

% using each as a source of information for investments, by market



Retail gold investors prefer conversational methods to gather information

When it comes to comparing the information sources used for different investment products, social and traditional media – as well as peers – are much more likely to influence decisions for gold than for other investment vehicles.

These preferences for more 'conversational' methods of information-gathering, among friends and family, and from social media and online forums particularly in

China and India, reflect the way investments in gold are culturally validated and often initially linked to family and social rituals.

In all markets, regardless of channel or medium, for information to be of genuine use, it must be well executed and trustworthy. If not, potential investors can lose faith in gold and the information can become a barrier to purchase.

“ My mum got me gold anklets and jewellery. Buying gold for Diwali to worship the Goddess Lakshmi is a ritual for us. Mum told me investing small amounts like this will accumulate over time. ”

India, female

“ I don't trust it just because it is a commercial on the radio. I just feel like it is a scam or there will be some kind of catch. That is the only exposure I have to gold. ”

US, male, gold non considerer

Peers, traditional and new media are more important sources of information for gold

% using each as a source of information for investments, by investment type

	Bars & Coins	Gold-backed financial products	Stocks & Shares	Collective investment plans
 Friends & family	45	44	36	35
 Financial advisors	41	40	35	41
 Financial websites	45	45	46	36
 Bank	29	34	13	29
 Fund / investment platform	32	34	24	37
 Social media	29	31	9	9
 Blogs / online forums	27	25	10	9
 Traditional media	48	43	40	25

ശാന്തം ജ്വല്ലറി

പഴയ സ്വർണ്ണാഭരണങ്ങൾ
വിലയ്ക്കെടുക്കപ്പെടും



Building a seamless online-offline experience could be a unique differentiator when it comes to gold retailing

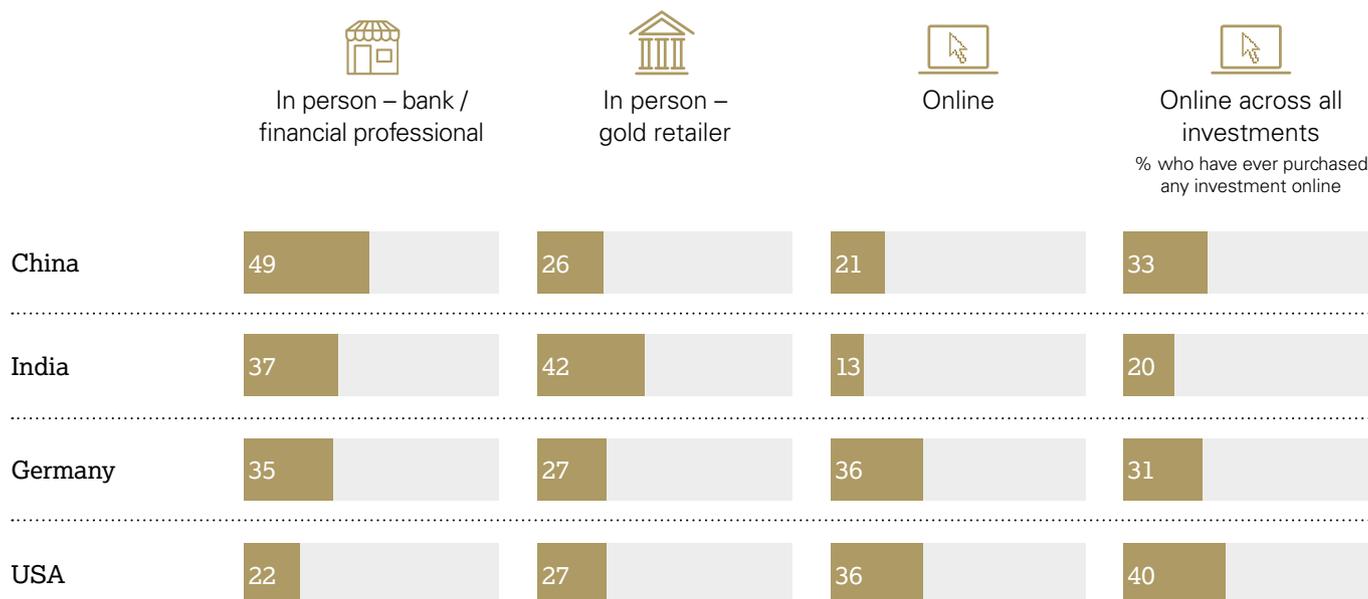
Seeking information on gold investment online is already high across all markets. Coupling this with robust levels of online investment, suggests that a focus on integrating online and in-store gold retail experiences could drive growth in gold investing. Offering a seamless transition between online and offline experiences would act as a key point of differentiation.

In China and India, whilst digital channels are more important sources of information for bars and coins compared to other investments, these physical forms of

gold are less likely to be bought online. The proportion of bars and coins being bought online in India and China lags behind the general investment market, suggesting there are some barriers. For physical gold, this is likely to be a preference for handling the investment and fear over the security of online purchases. Believing online purchases are not secure is more common in China than in the US. China and India have young and technologically-engaged populations: getting e-commerce right is likely to be critical for success in these markets.

In China & India there is a barrier to purchasing gold bars and coins online to the same degree as other investments

% who have ever purchased gold bars and coins from each outlet type



Section 3

Mapping different types of investors





There are four distinct types of investors that exist across all markets

People's attitudes and expectations towards investing influence how they act. We have identified commonalities, which allow us to group investors into distinct typologies, each with their own particular group of shared attitudes. Demographics and behaviour then provide a way to profile these typologies. Though there are differences across markets in terms of size and behaviour, as well as cultural nuances, these typologies have global relevance and thus help to establish a common language for engaging with investors.

Prudent Delegators



Limited knowledge of financial markets. Rely on others to guide their investment decisions. Often delegate their portfolio management to others making them less keen on owning tangible investments. Believe in investing for the long term with minimal risk to their money.

Risk Averse Simplifiers



Don't want to get involved in the financial markets. Have limited trust in financial advisers. Don't want to risk their money. Prefer to manage their investments themselves and turn to familiar, tangible and simple investment solutions.

Sophisticated Strategists



Investing is a hobby for them. Highly knowledgeable and confident in their instinct, they have a mix of tactical and strategic investments. Review their investments frequently to ensure they maximise returns. Influential, giving advice but also leading the way in considering new investment options.

Connected Optimist



Live for today and want to see immediate gratification from their investments. Have faith in the economy and trust advisors. Open to new opportunities.

The Value Index reflects the different investment levels of different typologies. It is calculated by looking at personal income and multiplying this by the proportion of income invested. The figures here show an index compared to the total sample.

	Value Index
Prudent Delegates	79
Risk Averse Simplifiers	61
Sophisticated Strategists	120
Connected Optimists	135

China is notable for the dominance of Sophisticated Strategists, who make up 42% of investors, though, interestingly, their presence is counterbalanced by the sizeable proportion of less engaged Risk Averse Simplifiers. Whilst the majority (67%) of investors in India fall into the 'more involved' end of the spectrum, the USA has a relatively high proportion of both the less engaged typologies. In Germany, Risk Averse Simplifiers stand out, representing over four in ten of all investors.

The typologies are most clearly differentiated by attitude to risk and their willingness to delegate to others



A careful attitude to investment in developed markets is reflected in the relative importance of more cautious typologies

% of investor typologies by market

	China	India	USA	Germany
Prudent Delegates	11	17	36	17
Risk Averse Simplifiers	27	16	18	42
Sophisticated Strategists	42	35	30	23
Connected Optimists	20	32	15	18

Robust latent demand across all typologies requires targeted approaches to maximise the opportunities

Though the typologies differ by the degree to which they engage in investment, even those that are already highly active – such as the higher-value Connected Optimists and Sophisticated Strategists – show an appetite for yet more investment in gold. This is an opportunity for growth; but gold will face greater competition from other investments due to these typologies' diverse and dynamic investment portfolios.

Targeting these segments needs to be done with an eye to their particular channel preferences. It will be critical to engage switched-on Sophisticated Strategists via a mix of traditional media (TV and newspapers) and social platforms. Sophisticated Strategists will generate as well as look at social media content, and can play a role acting as advocates with important influence over others.

While Connected Optimists are less likely to act as advocates than Sophisticated Strategists, they are heavy consumers of social media and will look to these types of digital platforms as a key source of information and inspiration.

The less engaged investors – Prudent Delegators and Risk Averse Simplifiers – are more of a challenge to communicate to, but still offer opportunity for growth. For both, being reassuring and straightforward is key, as is reaching them through people that influence their investment decisions. Prudent Delegators listen to professionals like financial advisors or bank representatives. Risk Averse Simplifiers are most influenced by people they trust – mainly their friends and family. Developing the overall stature of gold among the most engaged and encouraging advocates of gold investing, would therefore be a primary way of reaching the Risk Averse Simplifiers.

Significant levels of latent demand are present across all typologies

% share of mind and share of investment for gold bars and coins

■ share of mind ■ share of investment

Prudent Delgators



Latent Demand

+6

Risk Averse Simplifiers



+8

Sophisticated Strategists



+7

Connected Optimists



+3

Gold-backed financial products and gold bars and coins appeal to different types of investors

Investors can choose from a range of different gold products, spanning gold bars and coins as well as gold-backed financial products. Whilst all gold products are perceived as stable and secure investments, gold financial products also associated with high-risk speculation and short-term rewards.

These divergent views towards gold bars and coins, and gold-backed financial products are wedded to people's perceptions of having tangible

physical gold bars or coins, compared to an investment which they know to be backed by gold, but that they do not physically possess. These differences are reflected in ownership patterns among the typologies. The two typologies most engaged with risk-taking – Sophisticated Strategists and Connected Optimists – are more likely to own and have a higher share of mind for gold-backed financial products.

Gold-backed financial products are perceived as more dynamic compared to bars and coins

% describing the role of the investment

	To protect my wealth	To make good returns in the long term	To make good returns in the short term	Speculative / high risk with the potential for very high returns
 Gold bars and coins	44	34	26	4
 Gold-backed financial products	32	39	39	10

The more engaged typologies are particularly more likely to own gold-backed financial products

% owning different gold investments

	 Prudent Delegates	 Risk Averse Simplifiers	 Sophisticated Strategists	 Connected Optimists
 Gold bars and coins	13	19	31	30
 Gold-backed financial products	7	5	22	21

Sophisticated Strategists and Connected Optimists have a higher share of mind for all gold investment products; Risk Averse Simplifiers show the greatest interest in physical gold

% share of mind and share for different gold investments

	 Prudent Delegates	 Risk Averse Simplifiers	 Sophisticated Strategists	 Connected Optimists
 Gold bars and coins	9	14	13	13
 Gold-backed financial products	5	4	10	11

Section 4

Identifying investment requirements



There are five distinct occasion needs in investment, most clearly differentiated by the desired level of risk and time frame associated with each.

What is an occasion need?

Segmenting investors by investment occasion and discovering their ideal needs for each occasion can identify how gold can be positioned to satisfy

those needs. An occasion need is a bundle of requirements investors ideally want an investment product to meet. An investor does not necessarily just sit in just one occasion need; they can travel between needs depending the occasion.

These need segments can be fleshed out to generate insights into:

investors' emotional perspectives; the typical occasion or trigger to buy gold; associated information-seeking behaviour; and the purchase channels typically used for each need.

Typical occasions and triggers vary for each need segment but there are strong similarities between markets within each particular need.

Five distinct investment occasion need segments exist across all markets

Value % reflect the size of the need in value, not just absolute size

Maximise short term returns with the thrill of speculation



26%

- Upon receipt of funds such as bonus
- In order to experiment and increase returns
- Often in response to price movements
- Purchased more online

Maximise long term returns with professionally endorsed level of risk



23%

- Planning for future life events such as family and education
- Triggered by positive price movements and recommendations

Grow money in the long term in a safe and guaranteed way



18%

- Planning for retirement and future medical needs (med not US)
- Aiming to spread / manage risks Triggered by recommendations

Protect wealth against the system



18%

- In response to financial downturn to minimise risk
- Especially having retired or retiring soon
- Purchasing in person

Provide easy and simple management of money

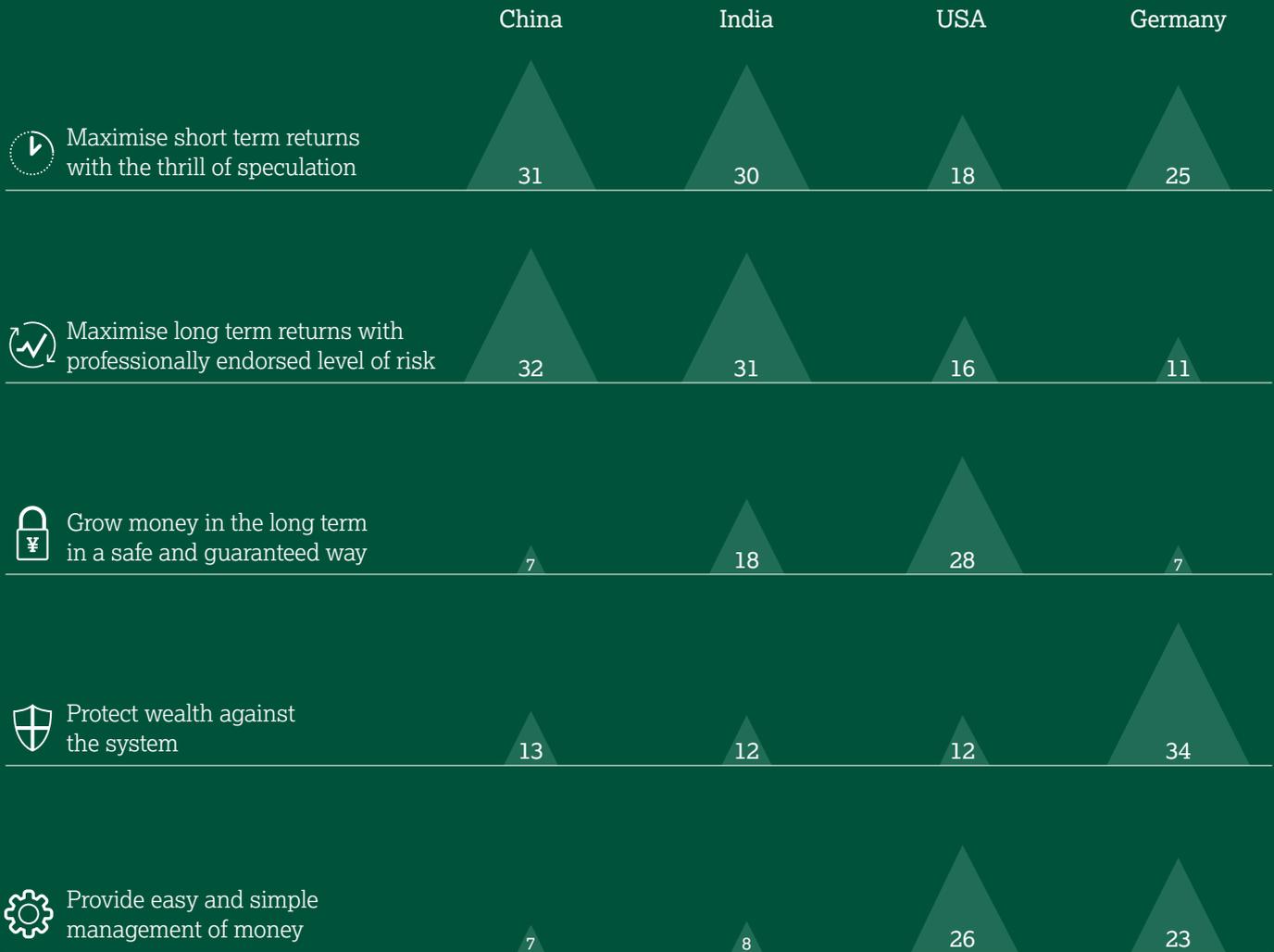


16%

- A form of usual investment
- To prepare for retirement or planning for children
- Purchased more online

The differences in size of each need segment reflects underlying attitudes to risk across markets

% indicate the proportion of purchase occasions that relate to that need segment



In China and India, echoing earlier observations about greater cultural acceptance of uncertainty, it is not surprising to find that the majority of investment occasions contain some element of risk. In China, 63% of investment activity is either about maximising short term returns or else maximising long term returns with professionally endorsed risk. High emotions, in particular the thrill of speculation and the idea of potential rewards, play an important role.

In developed markets, there is perhaps less emotional enjoyment in investing – the activity is seen more rationally as a means to an end to achieve financial gain and security. Investment needs are therefore more strongly centred around the desire for safe, guaranteed options that are also convenient and simple. There is a difference in the ideal way Americans and Germans would achieve this. Americans are more likely to seek longer term security while more Germans have a mind-set to seek protection from the financial system.

Overall, out of the five need segments identified, global analysis of gold's strengths and where it performs well reveals that it has the greatest resonance in three needs:



Protect wealth
against the
system



Provide easy
and simple
management
of money



Maximise long
term returns with
a professionally
endorsed level
of risk

Section 5

Strategies for growth

“ My elderly next door neighbour changed her retirement funds into bars of gold. I was quite surprised. She explained that paper money depreciated and led to her losing a lot of money. ”

.....
China, female, gold owner



What needs does gold satisfy and how can its appeal be maximised?



Gold's strength at meeting the need for wealth protection is a valuable advantage

As one might expect, gold performs particularly well against the need to 'Protect wealth against the system'. It has a competitive advantage in this space compared to other investment options. As highlighted earlier, this stems from a number of important qualities and characteristics relating to gold's tangibility.

In Germany, given the size of this need (it represents 34% of investment needs), physical gold currently plays in a much bigger part of the market than in other countries.

Gold's emotional resonance should not be forgotten either. Its long heritage in acting as a store of wealth means investors connect more strongly with gold than with other investment products.

Gold's particular strength in being seen as 'safe option' means there are areas where it does not perform as well. Bars and coins are not seen as a dynamic investment – few investors would consider investing in physical gold to be a thrilling intellectual challenge.

In addition, investing in gold bars and coins does not work well for those investors looking to place only small amounts of money. This explains why gold does not necessarily perform well in meeting all the desired benefits within the need 'Providing easy and simple management of money.'

To secure and maintain gold's existing share of investments, the industry needs to reinforce gold's core role in meeting the need of 'Protecting wealth against the system' by:

- Leveraging gold's competitive advantage in being a tangible safeguard against inflation and currency fluctuation. This is underpinned by the fact physical gold is considered to be more resilient against financial crashes and economic upheaval.
- Continuing to ensure that gold's long-term price performance is clearly conveyed.
- Reinforcing the idea that gold can provide for children in the future.
- Better articulating how gold is differentiated from saving accounts, which compete strongly with gold in this space. It is worth noting that real estate is also a strong competitor in Germany.
- Focus messaging & communications around proactive long term wealth protection, helping investors plan for the future rather than just reacting to economic changes.

“ Gold will always have value, in the true financial sense... It has for thousands of years and I don't see it ever going away ”

US, male, gold owner

“ Gold is raw material, is finite and everybody wants to own it, therefore, there will always be value and demand for it. From the Aztecs to the Wild West, with humanity, there will always be a wish to own gold. ”

Germany, male, gold owner



Improving perceptions that gold is a straightforward investment option has significant potential in more developed markets

'Providing easy and simple management of money' represents around a quarter of all investment needs in Germany and the US. To increase gold's share of investments, the industry needs to communicate how it can satisfy these needs by:

- Leveraging existing strengths around simplicity – gold is straightforward to understand and in effect 'looks after itself'.
- Highlighting the flexibility and control possible in gold investment, for example the option for low value investments, whilst also communicating the ease with which gold can be sold back.
- Making it easier to for gold to become a habitual investment, increase perceptions of accessibility and identifying investment triggers to instil the routine.
- Developing trusted brands and consistent brand messages – lack of trust can be a major barrier to purchase.

“ We would be uncomfortable going to a coin dealer. Yes, it might have a little piece of paper that says this is gold, but we're not sure it is. Even if it looks like a reputable, long-standing company, is it really what it says it is?” ”

US, older investor



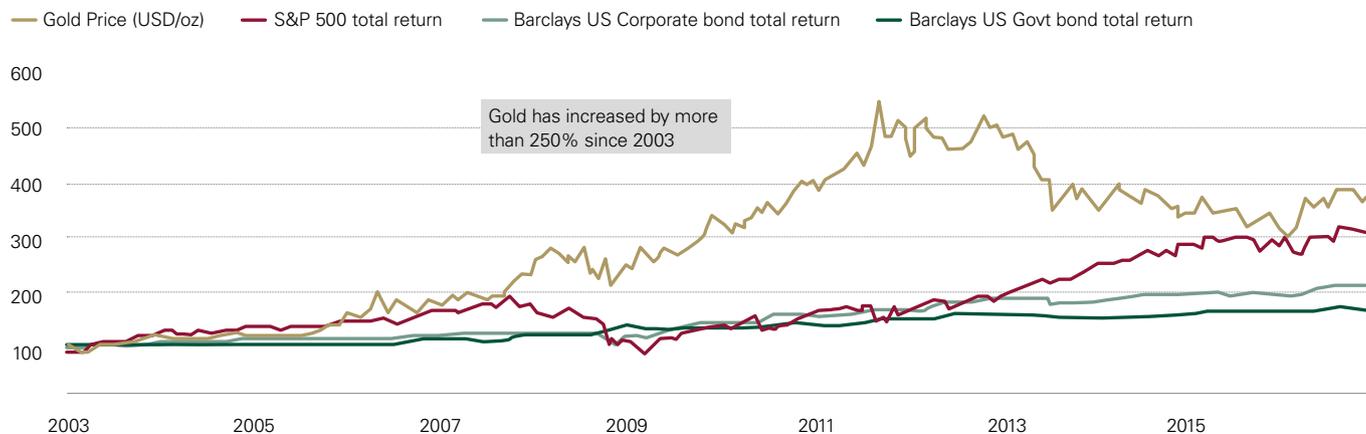
To drive future growth, explore how gold can meet the investment need for long term returns with managed risk levels

In China and India, the desire to 'Maximise long term returns with professionally endorsed level of risk' is the biggest need. Currently, stocks and shares represent key competitors in these markets. Getting gold's offer right in this need space will be key to unlocking incremental share of investment in the future. This can be done by:

- Focusing communications on long term returns; communicate the long term, strategic nature of the investment in the context of other asset classes.
- Removing barriers stemming from concern around levels of return by increasing awareness of gold's previous performance.
- Leveraging the existing occasions associated with investment interest e.g. the receipt of funds from salary increases, a bonus or inheritance.
- Developing campaigns which ensure mainstream media endorse gold as a long term strategic investment. Target publications to inform financial advisors.
- Educating financial advisors to increase awareness of gold performance, so that they can clearly articulate the benefits of gold to their clients.

Gold has outperformed bonds and equities since 2003 (index =100)

Index level



Source: Bloomberg; World Gold Council



There are perhaps some unexpected opportunities among global millennials

Despite their youth, millennials are thinking about their long-term prospects: one in four chose 'planning for retirement' as an investment occasion. This rises to 33% in the US, but drops to 18% in China and 22% in India, reflecting the less cautious attitudes in developing markets.

Carrying out regular reviews of investments are also high on the agenda for many millennials.

Millennials are open to new ideas. Wanting to experiment and recommendations from friends or family are more likely to act as triggers for investment amongst this cohort. These traits are particularly pronounced in developing markets: Chinese millennials are the most experimental (33% chose 'wanting to experiment' as a trigger for investment), whilst Indian millennials are the most influenced by friends & family (33% said this was the case).

Millennials are pro-active about investment

% selecting as an investment occasion

	Millennials (18-33 yrs)
Planning for retirement	24
Regular review of investments	30

Millennial investors are ready to look beyond their standard approaches

% selecting as a trigger to invest

	Millennials (18-33 yrs)	34+ yrs
Wanted to experiment	24	18
Was recommended by friends or family	27	16

Millennials share some similar attitudes towards investing with previous generations, being influenced mainly by their friends & family

Looking at share of mind across investment options reveals that there is little difference between millennials (those currently aged 18 to 33 years) and older generations.

Similar aspirations towards gold investments exist when it comes to looking at how different age groups would behave when given \$1,000 to invest. However, millennials' caution comes through in some choices, with 23% saying they would invest in savings compared to 18% of those over 34 years, and more of a reluctance to invest in stocks and shares.

Millennials do not expect gold to make them their fortune, but the latent demand for gold investments amongst this cohort shows gold's appeal. Millennials see physical gold investment as giving low returns – a passive but steady option – and a solid base from which to make higher risk, higher return investments.

Millennials will not act alone; they are more likely to get information on physical gold from those they know around them and to tap into opinions through online forums and blogs. Targeting millennials through these sources will be increasingly important.

“ I do not currently own any gold bars or coins, but I think these could be valuable if I desired a stable long term investment. ”

US, millennial

Share of mind for gold and other products are broadly similar for millennials and non-millennials

% share of mind

	Millennials (18-33 yrs)	34+ yrs
Gold bars & coins	12	13
Gold-backed financial products	9	7
Savings	19	20
Stocks & shares	9	12

Except a slight preference for savings and reluctance around stock & shares amongst millennials, investment aspirations are fairly consistent across generations

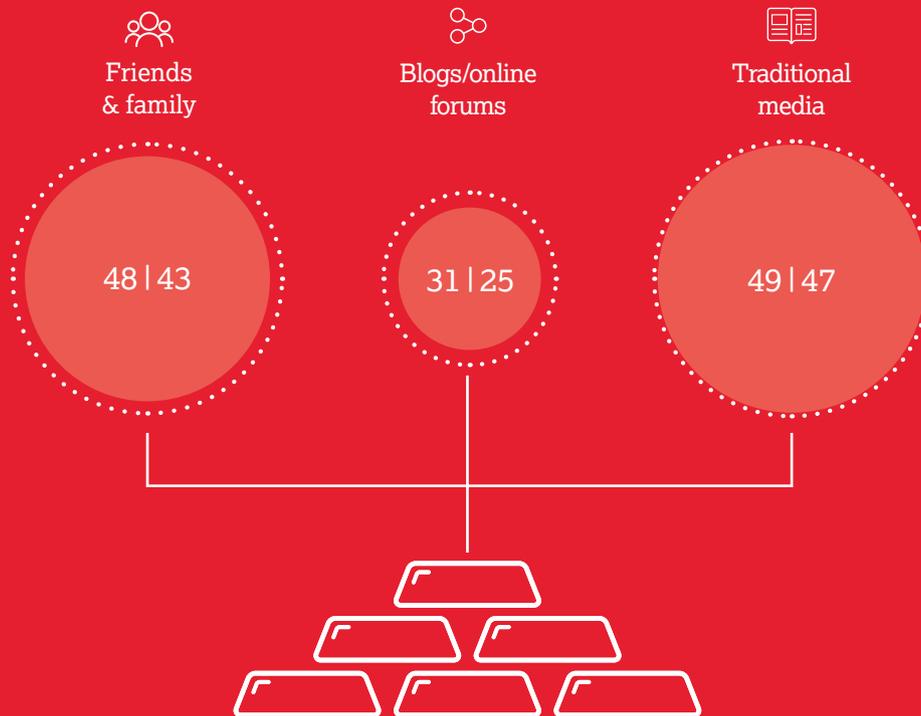
% who would invest in each if given \$1,000

	Millennials (18-33 yrs)	34+ yrs
Gold bars & coins	16	16
Gold-backed financial products	6	6
Savings	23	18
Stocks & shares	19	22

Millennials are more likely to get their information on physical gold from friends/family and online forums

% using each as a source of information for gold bars & coins

○ Millennials (18-33 yrs) | ● 34+ yrs



Summary

The gold investment market is well positioned for growth. Untapped potential exists among investors, regardless of age or differences in cultural attitudes towards risk. Gold is unique amongst investments in delivering rational as well as emotional security: gold is appreciated for being a stable place to invest money, resilient in the face of the volatility present in financial markets today, whilst its physical tangibility makes investors feel secure.

Capitalising on these positive sentiments requires going beyond taking a one-size fits all approach and using investor typologies and occasion needs to define more targeted approaches. Seamless integration of online and offline gold experiences can act as a unique differentiator and will be critical to engaging digitally-savvy millennials for the future.

Gold has particular strength in the role of wealth protection, underpinned by its perceived stability and its independence from the financial system. This needs to be clearly communicated. Developed market investors value simplicity and convenience, but gold is not seen as an easy way to routinely invest – addressing this requires allaying concerns around high value entry points and lack of flexibility. In developing markets, there is work to be done to position gold as a lower-risk way of achieving long term returns, and take share of investments away from stocks and shares.

Investing in gold is often linked to habits and rituals established in childhood – these habits need to be made relevant for the investors of today and tomorrow.

Appendix

Why the Indian data focuses on urban population

Rural and urban India can be thought of as two distinct markets

Rural and urban India are very different when it comes to investing. Investment portfolios in urban India are very diverse, whereas in rural India they are largely limited to savings, insurance and gold jewellery.

A key driver of this difference is accessibility; rural India does not have access to the large range of investment products that are available to urban investors. An additional factor is the availability of spare income to invest; in urban India investors put aside an average of 29% of their disposable income, compared to 19%

in rural India. How investors gather information is another difference. In rural India friends and family is the most important source (84%), whereas urban India has a far broader range of information sources, including online (friends and family 61%, social media 32%, blogs/ online forums 30%).

Rural India is clearly an important gold market. But given the unique set of characteristics that set it apart from urban India and the other markets, in order to give a global perspective on investor behaviour, rural India has been excluded from the analysis in this report.

Different investment habits between urban and rural India

% currently investing in each product

	Urban India	Rural India
Gold bars & coins	36	11
Fine gold jewellery (at least 22/24k)	29	46
Gold-backed financial products	21	3
Savings	67	85
Stocks & shares	36	1
Insurance	63	53

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