

The diamond industry needs to help itself!

A message from Alex Popov, Chairman

Next week, on occasion of the International Diamond Week in Israel, the Israel Diamond Exchange will be holding a diamond marketing panel discussion with the participation of Jean Marc Lieberherr, representing the Diamond Producers Association (DPA); the undersigned in his capacity of Chairman of the World Diamond Mark Foundation (WDM); Jeweller to the Stars, Stephen Webster; and Patricia Syvrud, Executive Director of the World Diamond Council.

I am eagerly looking forward to the panel as is a great opportunity to hear from the DPA and the WDM what progress they have made toward generic diamond promotion and advertising campaigns, and how these organizations intend to synchronize their activities, working with other parties to broadcast a single positive message about diamonds to the end consumer.

Judging by a variety of statements made by industry leaders, some of us seem to be harking back to the past, hoping for the DPA to pick up where De Beers left the diamond industry to its own devices, almost a decade and a half ago, and hoping that the new coalition of some ten diamond producers will raise and spend as much as the \$200 million annually, as De Beers used to do in its monopolist heydays, and at the same time relieve the diamond supply pipeline, in particular the B2B diamond industry and trade, of any responsibility for carrying the burden of generic diamond marketing, promotion and advertising.

And what are the chances of that an organization like the DPA will pick up the proverbial slack? As I see it, close to zero.

We all know that De Beers gave up its role of custodian of the diamond consumer market because it lost its control and dominance of the rough diamond market, and with it an interest to drive consumer interest in diamonds and diamond jewellery. Instead, it decided to invest in its own brand, the ForeverMark. With a rough diamond market share of some 35 percent, De Beers is still a large and influential producer, but shares the scene with Alrosa, Rio Tinto, Dominion and a string of smaller producers.

The DPA, however, is not the organization that identified the need for a return to generic diamond marketing and promotion. It was the diamond industry and trade itself that understood something needed to be done! Some three years ago, the World Federation of Diamond Bourses (WFDB) resolved

it needed to take matters in its own hands and consequently supported a budding plan devised by a group of entrepreneurial bourse presidents to try and launch a program for generic diamond promotion to consumers.

The group soon realized that those who needed its help most are the retail jewellers, as they are the ones who make the final sale of a diamond or a diamond jewel to the consumer. In 2013, the WFDB ratified the formation of a separate, independent entity, called the World Diamond Mark Foundation (WDM) which has since made considerable headway in devising strategies and practical plans to offer retail jewellers customized diamond marketing packages that include promotional tools and advertising tools which will help these retailers rekindle consumer desire in diamonds and diamond.

After the WDM ran first pilot programs for retailers in locations such as the United Arab Emirates, conducted diamond marketing and educational courses for retail jewellers and held its first introductory seminars at trade shows in Europe, the producers understood they could no longer remain behind.

Of course, as the diamond industry and trade has never before taken any strategic, practical or financial responsibility for the generic marketing of its products in the retail and consumer markets, many have doubts about its ability to do so. The goal of collecting serious funds is reachable but it will take much more than good will of miners who obviously have their legitimate business interests in their minds, which are not necessarily identical to those of manufacturers and dealers.

In this respect the role of major centres and bourses is paramount. The organizations that were formed to market diamonds in the first place, like India's Gem & Jewellery Promotion Council (GJEPC), the Antwerp World diamond Centre (AWDC) and the Israel Diamond Institute (IDI) need to put aside their rivalry and dedicate a sizable portion of their earnings to the joint task of generic marketing. So need the bourses and individual bourse members.

The WDM has developed and started to implement the fundraising from retail end of the industry and from outside service providers. This endeavour will continue. Soon the miners, through the DPA, and retailers, led by the WDM, will have the funds. If the midstream industry will not follow, its market share and profitability will shrink even further.

Different segments of the luxury industry to which we all belong, have developed a logical and reasonable promotion spending ratio long ago. It works perfectly and every segment of the supply chain is taking part actively. Usually, for the high-value items, promotional expenditure constitutes between five and ten percent of the wholesale price. Taking into account an average retail mark-up of 75 percent, and the total diamond jewellery market value of 60B, a five percent promotion expenditure based on wholesale prices

will generate a budget more than \$1.5 billion. Almost all of it is to be spent on individual brand promotion and store improvements. Savvy strategies and close cooperation between industry bodies may and should divert some of these funds to generic diamond promotion as well as involve additional participants like miners, manufacturers and wholesalers.

I therefore hope that during the upcoming International Diamond Week, the industry can shed light on the many marketing and promotional opportunities that await us in the downstream market.

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**For more information about the World Diamond Mark, visit
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About the World Diamond Mark

The World Diamond Mark® Foundation (WDMF) was founded on the premise that diamonds and diamond jewellery can and must perform significantly better in the luxury product consumer market. To reach that goal, the industry - from diamond producers to retail jewelers - is acting in unison to promote, advertise and market diamonds and diamond jewellery more effectively and visibly to the end-consumer. Established in 2012 by the World Federation of Diamond Bourses (WFDB), the WDMF's global objective is to boost consumer demand for diamonds and diamond jewellery.