



New normal in the diamond industry

钻石行业新常态

With the Covid-19 vaccine rollout underway, the diamond industry is headed towards measured recovery. Trends and practices that emerged or accelerated during the pandemic – from virtual meetings, digital marketing and e-commerce to greater focus on sustainability and traceability – will however continue to shape the global diamond trade moving forward.

随着新冠疫苗的推出，钻石行业正在逐步复苏。疫情期间涌现或加速的趋势和实践——从虚拟会议、数字营销和电子商务，到对可持续性和可追溯性的持续关注，将继续塑造全球钻石行业。

| Julius Zheng 郑嵘 |



The pandemic has pushed the diamond industry out of its comfort zone and forced us to conduct business virtually. Online tenders and trade shows may be here to stay well past the pandemic. E-commerce has really been a saviour for the international jewellery industry. – Colin Shah, chairman of the Gem & Jewellery Export Promotion Council



The Covid-19 pandemic took a toll on the diamond industry in 2020, affecting the whole value chain. Lockdowns and social distancing policies, coupled with medical and economic uncertainties restrained the operations of brick-and-mortar retailers, limited wedding-related sales, and reduced self-reward and gifting purchases.

Travel restrictions and the cancellation of flights and trade shows threw a wrench in the usual business practice of meetings and viewings while limiting the shipment and delivery of diamonds. Factories operated at low capacities due to reductions in rough supply, staff and demand.

The coronavirus pandemic continues to cast a shadow over global diamond trade in 2021 but signs of recovery are emerging. Covid-19 is also leaving its mark on the sector through the accelerated adoption of digital initiatives, advanced technologies and new ways of doing business.

Yoram Dvash, president of the World Federation of Diamond Bourses (WFDB), said the coronavirus' impact on the sector was early, rapid and extensive. Key markets in Asia including mainland China and Hong Kong – vital to the diamond trade – were hit in January 2020. Europe and the US followed in March. Polished diamond sales plummeted by 80 per cent in all the major centres, from the beginning of the year until July.

“When mainland China and other parts of Asia began bouncing back, diamond trading began to climb, even reaching 2019 levels by July. Fortunately, the US market, although still suffering from high levels of Covid-19, is returning to activity, and the holiday season at the end of the year looked quite good. So 2020 was not a total washout for the diamond and jewellery industry,” Dvash said.

Changing business landscape

Aside from dampening sales, the pandemic also altered how wholesale diamond trade is conducted, the WFDB official noted.

Where diamantaires used to travel extensively to meet clients, they realised in 2020 that business processes could be streamlined through online platforms, which are more efficient, quicker and less expensive. This trend will most certainly remain.

The trade is also increasingly receptive of advanced technologies and new business models. Dvash believes this will come easier to younger generations. He noted that the WFDB's Young Diamantaires group of dynamic diamond and jewellery professionals are already making a significant impact on the industry as a whole.

Online alternatives proved valuable when traditional business platforms were disrupted by the pandemic. Trade shows – a pivotal component of the diamond trade – were cancelled in 2020, and many early 2021 events have been postponed to later in the year.

The diamond business however is based on trust and relationship, and not everything can be done online. Trade fairs provide an essential platform to meet old contacts, find new ones from every part of the world, view goods and deliver orders within a few days. The major shows will resume in the second half of 2021.



Yoram Dvash, president of the World Federation of Diamond Bourses
世界钻石交易所联合会(WFDB)主席Yoram Dvash

"The pandemic has pushed the diamond industry out of its comfort zone and forced us to conduct business virtually. Online tenders and trade shows may be here to stay well past the pandemic. E-commerce has really been a saviour for the international jewellery industry," declared Colin Shah, chairman of India's Gem & Jewellery Export Promotion Council (GJEPC).

Balanced retail strategy

The digital transformation of the diamond industry extends to jewellery retail, where online-offline strategies now abound.

According to The Diamond Insight Report 2020 of the De Beers Group, shoppers are prepared to return to shopping in-store, under health precautions. Reassuring them of the safety of the purchasing process will be a top priority for retailer communications, but online channels inevitably remain an important way to browse and purchase.

Consumers with budget tend to buy what they know and trust, making timeless classics such as solitaires attractive. Diamond jewellery that celebrates new types of union, life milestones or new forms of personal expression is likely to find an eager market.

Dvash said, "We must embrace multichannel marketing – combining online and in-store sales. This trend will impact 2021 and beyond. People will want to have the in-store shopping experience, but they will not give up the ease and comfort of shopping from home."

Ephraim Zion, founder of the House of Dehres, pointed out that the process of purchasing high-end diamond jewellery is often a cherished moment for most consumers.

"When they buy a diamond of two carats or bigger, they want to go to a store to see with their own eyes the brilliance, sparkle and beauty of the diamonds; to touch it and feel the excitement of the experience of buying a diamond. It is impossible to achieve that kind of emotional excitement and shopping experience over the Internet. The need for the emotional connection is a part of human nature that will never change," he explained.

Fostering demand

One crucial challenge facing the diamond industry, even in pre-pandemic days, is marketing diamonds to millennials and Gen-Z consumers, noted Dvash.

GJEPC's Shah added, "People might spend their disposable income on other luxury goods post-pandemic. The diamond industry must ensure it retains its share of the pie through proper promotional activities to create top-of-mind recall for diamonds among consumers."

Zion underscored the need for publicity campaigns to highlight the emotional value of diamonds to consumers and promote the gem as an emotional object of beauty and a symbol of love and commitment.

"The new generation of consumers has yet to prioritise their diamond purchase. This can be changed through publicity campaigns, which ensure consumer



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– Ephraim Zion, founder, House of Dehres.



confidence regarding the value of diamonds, so they won't gravitate to other luxury products," Zion said. "Diamonds are also bought as a store of wealth, a financial security and a vehicle for capital preservation. And when I do business, I put emphasis on the most important element – trust and professionalism."

The Natural Diamond Council (NDC), representing seven of the world's leading diamond producers, has taken up the cudgels for generic diamond advertising, with particular emphasis on engaging diamond narratives for millennials and Gen Z consumers.

Originally the Diamond Producers Association, the industry body unveiled its new brand name and consumer identity, Only Natural Diamonds, last June. The OND brand and online platform is designed to appeal to modern sensitivities by also showcasing trends, fashion and sustainability matters.

NDC's first celebrity-fronted campaign, For Moments Like No Other, starring actress Ana de Armas, was released in September 2020, launching at the virtual Emmy Awards for maximum exposure.

The campaign celebrates the many emotional connections created by diamond jewellery, a theme that resonates strongly as the world emerges from the Covid-19 crisis.

NDC has transformed itself into a digital publisher too, offering content on the values and heritage of natural diamonds to help build affinity with younger generations. Aside from consumer engagement, NDC media assets

are available for the trade to use in their own marketing efforts. The council is rolling out more retailer-support materials and initiatives to help boost the appeal of diamond jewellery in their markets.

In a recent statement, NDC CEO David Kellie commented, "If we speak to our consumer in the language of the 'emotional dream' and we maximise our opportunities in many digital environments, then there are undeniably significant opportunities for future growth for natural diamonds."

Higher standards

The diamond industry is also under unprecedented pressure to improve its supply chain transparency, driven by a global push for sustainability and increased consumer demand for ethical sourcing.

Dvash said, "Younger consumers demand transparency, sustainability and the safeguarding of human rights. Parts of the industry are already selling their stones with full provenance and traceability information. Moving forward, the entire diamond industry will need to adopt these standards."

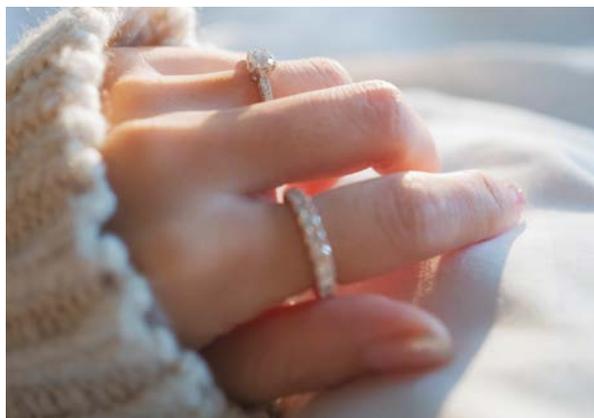
These new customer requirements are spurring technological innovation in the diamond trade.

Research by the Gemological Institute of America (GIA) showed that 69 per cent of US bridal consumers would prefer to buy a diamond with an origin story. The GIA Diamond Origin Report enables consumers to learn more about their diamond's journey and the positive impact it had on communities where it was mined.

Blockchain technology enables greater transparency, traceability and data security.

Leading blockchain technology provider Everledger partnered with Chinese online retail giant JD.com and GIA in 2020 in order to bolster transparency in online diamond purchases.

Through blockchain interoperability technology, the Everledger platform synchronises the diamond grading information from GIA to JD.com's blockchain anti-counterfeiting and tracing programme to provide customers with independently verified diamond certificates and origin information. This data will be



made available to JD.com's more than 380 million users. "No one could have predicted where 2020 would take us: Its last six months alone have produced more digital transformation than the last decade, with every transformation effort already underway finding itself accelerated, and at scale. Blockchain and artificial intelligence (AI) are at the heart of e-commerce and community," noted Everledger CEO Leanne Kemp.

GIA is also collaborating with IBM to bring AI to diamond grading. GIA President and CEO Susan Jacques remarked, "The use of AI, digital reports and blockchain are all great examples of how technology is transforming the marketplace, which has accelerated the rate of innovation and application. In 2021, we expect the trends that accelerated during the 2020 pandemic to gain speed – the continued digital transformation and the growing importance of sustainability, transparency and ethics."

Geopolitical advances

The diamond industry is also witnessing fundamental shifts in its geopolitical landscape.

The Abraham Accords signed by Israel with the United Arab Emirates and with Bahrain are a game changer for the Israeli diamond industry, according to Dvash, who is also the chairman of the Israel Diamond Institute (IDI). Dubai Multi Commodities Centre (DMCC) opened a representative office in the Israel Diamond Exchange (IDE) in December 2020, and IDE is scheduled to establish a presence in DMCC soon. IDE has also signed a Memorandum of Understanding with the Bahrain Bourse. The new agreements enable Israeli diamond companies to reach new markets in the Middle East and Asia, allow Israel to tap the UAE's rough diamond market, and offer Emirati companies access to Israel's polished diamond hub.

"This will impact the global diamond industry. It is a win-win situation for all, opening up huge opportunities and new growth spots for the global diamond industry. Open borders between all of the major diamond centres will make trade freer and encourage the growth of business worldwide," said Dvash.

Meanwhile, India is enhancing its viability as a diamond trading hub. At present, international mining companies send rough diamonds to the Special Notified Zones (SNZs) for viewing – not selling, lest they be regarded as permanent entities and levied income tax in India. Miners then bring the rough back to Antwerp or Dubai before shipping them to India, adding to the final price of the material.

As part of the Covid-19 relief measures, GJEPC has requested the Indian government to impose a turnover tax of no more than 0.16 per cent – the same rate as levied in Antwerp – so that mining companies can log their sales in India and eliminate the back-and-forth shipment that only balloons prices. The measure would increase India's tax collection and reduce logistics and foreign office costs for Indian firms.



Natural Diamond Council campaign, For Moments like No Other, featuring actress Ana de Armas
天然钻石协会广告 一由女演员Ana de Armas领衔主演的《无与伦比的时刻》

“If the Indian government approves the Turnover Linked Tax Rate on the sale of rough diamonds in SNZs, it will put India at par with other trading hubs like Antwerp,” said Shah.

Also, India's voluntary ban on rough imports helped ease excess inventory. According to Shah, GJEPC is also working with the government and bank authorities to address the sector's main concerns, including the lack of financing from banks and the high import duties on diamonds and gold.

新冠疫情在2020年给钻石行业造成巨大损失，影响整个价值链。封城和保持社交距离的政策，加上健康和经济方面的不确定性，限制了实体零售商的运营，影响与婚庆相关的销售，以及自我奖励与赠礼采购。旅游限制、班机和商贸展取消，使得依靠会面和看货的传统业务管道受到很大羁绊，同时阻碍了钻石的运输和交付。由于原石供应、人员和需求减少，工厂的产能削弱。疫情将继续为2021年全球钻石贸易蒙上阴影，不过，复苏迹象正在显现。新冠疫情同时加速了数字化、先进科技和新的业务模式的实践。

世界钻石交易所联合会(WFDB)主席Yoram Dvash说：“新冠疫情对行业的影响是早发、迅猛和广泛的。对钻石贸易至关重要的亚洲主要市场(包括中国大陆和香港)，在2020年1月受到打击，欧洲和美国在3月紧随其后。从年初到7月，所有主要市场的成品钻石销售下降了80%。当中国大陆和亚洲其它地区开始反弹时，钻石交易随之攀升，甚至在7月恢复到2019年的水平。幸运的是，尽管美国市场仍然遭受着新冠疫情的重大困扰，但现在又重拾活力，而且在年底的节日假期，销情表现不俗。所以，对于钻石和珠宝行业而言，2020年并非一事无成。”

业务格局变化

该WFDB官员指出，除了销量下降外，疫情还改变了钻石批发贸易的经营方式。钻石商过去频繁出差与客户见

面，到了2020年，他们意识到可以通过线上平台简化业务流程，从而提升效率、速度和减低成本，这种趋势肯定会维持下去。钻石行业也越来越接受先进科技和崭新的业务模式。Dvash相信，年轻一代更加容易接受和适应。他指出，在WFDB内，由充满活力的钻石和珠宝专业人士组成的“青年钻石商”团体，已经对整个行业产生了重大影响。

当传统的业务模式受到疫情的干扰时，线上替代方案证明是有价值的。商贸展(钻石贸易的重要组成部分)在2020年被取消，许多2021年年初的展会也延期至年内较后的时段。然而，钻石业务是建立在信任和关系基础上的，并非所有业务都可以在线上完成。商贸展提供了一个重要的平台，可以在短短几天之内和来自世界各地的老客户见面、结识新客户、查验货品并交付订单。主要的商贸展将于2021年下半年恢复。

“疫情使钻石行业脱离了舒适地带，并迫使我们以虚拟管道开展业务。线上竞标会和商贸展将在疫情结束后继续存在。电子商务确实是国际珠宝业的救星，”印度宝石首饰出口促进局(GJEPC)主席Colin Shah表示。

均衡的零售策略

另外，钻石行业的数字化转型已扩展到珠宝零售，线下线上结合的战略得以拓展。根据戴比尔斯集团的《2020年钻石洞察报告》，消费者期望在健康预防措施到位的情况下回到商店里购物；向他们保证购物过程的安全性，将会是与零售商沟通的重中之重。然而，在线上浏览和购买产品，将仍会是重要的销售管道。有消费力的顾客，倾向购买他们所了解和信任的商品，因此代表永恒经典的，譬如单粒钻石则更具吸引力。颂赞新的联系、人生的里程碑或用以表达个人意念的钻石首饰，将会在市场大受追捧。

Dvash说：“我们必须接受多管道行销，结合线上和实体店销售。这一趋势将影响2021年及以后。消费者希望享受店内购物体验，但他们不会放弃在家购物的便利。”

House of Dehres的创始人Ephraim Zion指出，购买高端钻石珠宝的过程对于大多数消费者而言，都是珍贵的时

刻。“当消费者购买两克拉或更大的钻石时，他们想去珠宝店亲眼感受钻石的光彩、闪耀和美感；触摸它，体验购买钻石的兴奋之情。通过互联网无法获得这种激动人心的购物体验。情感上的联系是人类本性的一部分，永远不会改变。”他解释说。

促进需求

Dvash指出，即使在疫情之前，钻石行业已经面临重大挑战，那就是向千禧一代和Z世代消费者推广钻石。GJEPC主席Shah补充道：“疫情结束后，人们可能将可支配收入用于其它奢侈品。钻石行业必须通过适当的推广营销活动以确保自己保留市场份额，使钻石在消费者中保持最高地位。”

Zion主张需要开展宣传活动，向消费者强调钻石的情感价值，并把钻石作为寄托美好情感的事物，以及在爱与承诺的象征方面加以推广。“新一代消费者尚未优先考虑购买钻石，可以通过宣传推广活动来改变这一点。宣传活动可以确保消费者对钻石的价值充满信心，而不会倚重其它奢侈品。”他解释说，“购买钻石，还可以视作价值储存、财务安全和资本保值。当我做生意时，我会强调最重要的元素——信任和专业精神。”

代表世界七大钻石生产商的天然钻石协会(NDC)承担钻石整体文宣的重任，尤其重视向千禧一代和Z世代消费者传递钻石物语。该行业机构前身是钻石生产商协会，于去年6月公布了新的品牌名称和消费认同—Only Natural Diamonds。OND品牌和线上平台旨在通过展示趋势、时尚和可持续发展事宜来触动现代的感性情绪。NDC第一个以名人为主题的广告系列，由女演员Ana de Armas领衔主演的《无与伦比的时刻》于2020年9月进行推广，并在艾美奖虚拟颁奖典礼上发布，全面曝光。这个广告赞颂钻石珠宝所创造的众多情感联系，这一主题随着世界倾力对抗新冠疫情危机而引起了强烈共鸣。NDC已经转型数字出版，提供有关天然钻石的价值和传统的内容，有助与年轻一代建立真挚的关系。除了吸引消费者，NDC的媒体资料还可供本行业在自己的行销活动中使用。该协会正在推出更多由零售商支持的资料和举措，以帮助提高钻石珠宝的市场吸引力。NDC首席执行官David Kellie在最近的声明中说：“如果我们以‘情感之梦’的语言与消费者对话，并且在众多数字环境中抓住最大的机遇，那么毫无疑问，天然钻石在未来的增长机会非常大。”

更高标准

在可持续性符合道德采购的需求强烈推动下，钻石行业与全球其它行业一样，也面临着前所未有、要求提高供应链透明度的压力。Dvash说：“年轻的消费者重视透明、可持续性和人权维护。行业中部分成员已经在销售钻石时包含完整的原产地和可追溯性资讯。将来，整个钻石行业也需要采用这些标准。”

新的消费者需求正在激励钻石行业的技术创新。美国宝石研究院(GIA)的研究表明，69%的美国婚庆消费者更喜欢

购买有原产地陈述的钻石。GIA钻石原产地鉴定证书使消费者可以更加了解其购买的钻石的历程，以及对钻石开采社区产生积极影响的资讯。

区块链科技可以提高透明度、可追溯性和数据安全性。领先的区块链科技提供商Everledger在2020年和京东(中国线上零售巨头)，以及GIA合作，增强线上钻石选购的透明度。通过区块链的相互操作科技，Everledger平台把GIA的钻石鉴定分级资讯同步传送到JD.com的区块链防伪和追溯程式，为客户提供独立验证的钻石证书和原产地资讯。这些数据将提供给京东3.8亿用户。“没有人能预想到2020年会带给我们这么多收获，过去六个月产生的数字化转型规模比过去十年还要大，每一类转型都在加速，并且大规模进行。区块链和人工智能(AI)是电子商务和社区的心脏，”Everledger首席执行官Leanne Kemp指出。

GIA还与IBM合作，把AI应用于钻石分级。GIA总裁兼首席执行官Susan Jacques表示，“AI、数字化鉴定证书和区块链的应用都是科技如何改变市场的典范，加速了创新和应用速度。在2021年，我们预计2020年疫情下得以加速的趋势，将进一步增速——包括持续的数字化转型，以及日趋重要的可持续性、透明度和道德规范。”

地缘政治格局变化

钻石行业的地缘政治格局也发生了根本的变化。以色列钻石行业协会(IDI)主席Dvash表示，以色列与阿联酋和巴林分别签署的《亚伯拉罕协议》，改变了以色列钻石业的格局。迪拜多种商品交易中心(DMCC)于2020年12月在以色列钻石交易所(IDE)开设了代表处，而IDE亦计划近期在DMCC设立办事处。

IDE还与巴林交易所签署了合作备忘录。新协定使以色列钻石公司能够进入中东和亚洲的新市场，使以色列能够接触到阿联酋的毛坯钻石市场，并为阿联酋公司提供进入以色列这一成品钻石交易中心的通道。“这将影响全球钻石行业，是共赢的局面，为全球钻石业开拓了巨大的机遇和新的增长点。所有主要钻石中心之间开放边界，将使贸易更加自由，并促进全球业务的增长，”Dvash说。

同时，印度正在增强其作为钻石贸易中心的可行性。现时，国际矿业公司把毛坯钻石运送到特别通知区(SNZ)进行看货，但是不会出售，以免被视为在印度的永久实体并徵收所得税。然后，矿业公司把毛坯钻石运回安特卫普或迪拜，再运往印度，增加了原料的最终价格。作为新冠纾困措施的一部分，GJEPC已向印度政府提议，徵收基于交易额的不超过0.16%的税额(与安特卫普徵收的税率相同)，以便矿业公司可以在印度销售，并避免来回运输徒然地新增的价格。该措施将新增印度的税收，并减少印度公司的物流和境外分支机构成本。Shah说：“如果印度政府准予在SNZ销售毛坯钻石的营业额挂钩税率，将使印度与安特卫普等其它贸易中心齐头并进。”此外，印度自愿禁止毛坯钻石进口，有助缓解库存过剩的情况。据Shah称，GJEPC正在与政府部门和银行合作，以解决行业主要问题，包括银行融资匮乏，以及对钻石和黄金徵收的高额进口关税。

About the author 作者简介

Julius Zheng is a jewellery industry analyst and senior consultant to various important firms and institutes. Actively engaged in industry matters, he has developed various projects that connect China's diamond and jewellery sectors with international markets. Formerly general manager of Rapaport China, he has over 20 years' experience in the international diamond and jewellery industry. 郑嵘，行业分析师、项目专家与资深顾问。曾在北美和中国的钻石、珠宝企业任职，长期发展连接中国和国际市场的项目，有20年以上的国际工作经验。曾任国际钻石价格表发布机构Rapaport中国区创始总经理。