

THE DIAMOND INSIGHT REPORT

IN BRIEF
2017

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FORWARD



Diamonds continue to captivate, but consumers are changing. The economic influence and social empowerment of women is evolving rapidly all around the world and the diamond sector must respond to the new consumer landscape, and to new opportunities.

In centuries past, diamonds were viewed as the preserve of masculinity, representing strength and the immutability of power.

As the years passed, they increasingly became seen as symbols of romantic love, usually gifted by men to women.

However, while much more still needs to be done to correct the balance on gender inequality, women now occupy a much wider range of roles in society and more senior positions in the workplace. They have a more powerful voice and command a higher share of global spending than ever before. And the trend towards greater female empowerment is only set to grow further.

In this year's Diamond Insight Report, we look at three key trends that have driven women's social and economic empowerment, and explain how they open up new possibilities for the diamond sector.

While the industry must not become complacent about the challenges of the changing consumer landscape, the attributes and symbolism of diamonds are in fact a perfect fit for the emerging female consumer.

So, while the meaning of diamonds may be undergoing its most significant shift in decades, if we listen closely to our consumers, we can ensure that the power of diamonds to captivate hearts and minds will continue for centuries to come.

BRUCE CLEAVER
CEO, DE BEERS GROUP

EXECUTIVE SUMMARY

2016 saw the return of positive trends throughout the diamond pipeline. However, the continued evolution of women's roles in society and in the global economy means that new challenges and opportunities are emerging.

DIAMOND INDUSTRY VALUE CHAIN: RETURNING BALANCE

Consumer demand for diamond jewellery saw marginal growth in 2016, driven by strong performance in the US, where demand exceeded US\$40 billion for the first time, while the strength of the US dollar weighed on performance in some of the other key global markets for diamond jewellery sales.

Rough diamond demand also increased in 2016, underpinned by consumer demand and the midstream re-stocking that followed a period of weaker purchases towards the end of 2015.

These trends have continued so far in 2017, with improving retail sentiment being reported in the important Chinese and Indian consumer markets. Reflecting more normal trading conditions, rough diamond sales have been steady so far this year, while rough diamond production has increased on the back of demand from cutting centres and new sources coming online.

IN FOCUS: THE CHANGING FACE OF THE FEMALE CONSUMER

The role of women in society is undergoing a significant shift for several reasons.

First, relationship dynamics are experiencing a transformation. Partnerships are now much more about the growth of the two equal individuals, as much as they are about the growth of the partnership itself.

Second, women now have much more spending power than they did in previous generations and there is a much higher degree of self-purchase than before.

And third, the way in which women perceive themselves is evolving. While there are distinct views in different countries, one constant is that womanhood is becoming more closely associated with a sense of strength and empowerment.

These changes in the profile of the female consumer have direct impacts on businesses in the diamond sector – and some of the traditional thinking about diamonds will need to be reassessed.

While the notion of love remains universal and powerful, and the core attributes of diamonds remain valued, there is an increasingly wide spectrum of meaning for diamonds. As well as commitment, they also symbolise emotions such as joy, optimism, pride and confidence.

Equally, while traditional diamond selling occasions – such as engagements and anniversaries – remain very important, successful diamond marketing will increasingly need to reflect a range of significant moments in one's life. This may include a new job, memories of a happy holiday or 'just because', and should be connected to the experiential element of lives and relationships.

And all aspects of diamond promotion – including design, concept and role models – should reflect the new reality of womanhood if the industry is to capitalise on the continuing strong desire for diamond ownership.

Diamonds possess all the attributes required to symbolise femininity in the future just as strongly as they have done in the past, but the industry will need to continue evolving to fully benefit from this opportunity.

DOWNSTREAM

2016 DIAMOND JEWELLERY DEMAND

Global consumer demand returned to growth in 2016 as a result of further demand in the US. However, the strength of the US dollar against most currencies, along with macro-economic and political challenges, restricted growth in other markets.

GLOBAL

+0.3%¹



Global consumer demand for diamond jewellery increased marginally to US\$80 billion in 2016. Consumer demand in the US, which remained the fastest growing region, climbed more than four per cent to exceed US\$40 billion for the first time, supported by job creation, wage growth and a strong stock market.

USD (BN)

¹ Actual FX

2015 2016

US

+4.4%

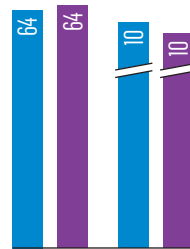


USD (BN)

Stable macro-economics, job creation, wage growth, a strong stock market and improved consumer confidence underpinned a demand increase. The US continued as the main driver of global growth, accounting for around 50 per cent of global diamond jewellery demand.

CHINA

+0.6% -4.8%



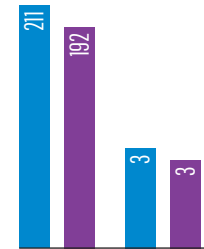
RMB (BN)

USD (BN)

Demand from Chinese consumers grew slightly in local currency, but saw a decline in US dollar terms. Positive growth has been seen in H1 2017.

INDIA

-8.8% -13.0%



INR (BN)

USD (BN)

The jewellers' strike and demonetisation initiative led to a decline in demand in local currency, while weakness of the rupee versus the US dollar led to a greater decline in US dollars. Diamond jewellery consumption has continued to decline in H1 2017 but at a slower rate, and sentiment has improved.

JAPAN

-2.9% +8.1%



JPY (BN)

USD (BN)

Demand from Japanese consumers declined in local currency, as a result of weak economic fundamentals. However, yen appreciation against the US dollar resulted in Japan registering the highest positive growth rate in US dollar terms.

GULF

-10.0%



USD (BN)

Demand from consumers in the Gulf declined as a result of slower economic growth, increasing inflationary pressures and the negative impact of continued oil price weakness.

REST OF WORLD

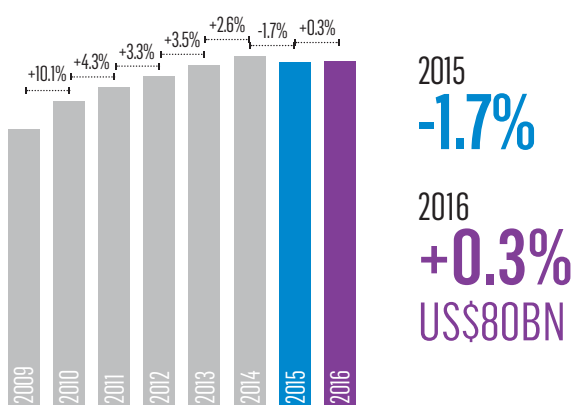
-3.2%



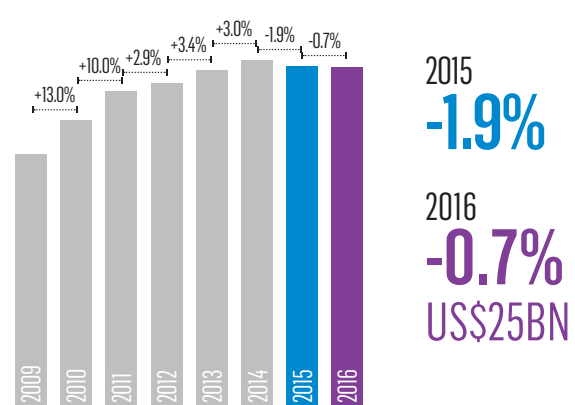
USD (BN)

Decline in demand in Rest of World was caused mainly by adverse macro-economics combined with weakening of local currencies against the US dollar in Russia, Latin America and the UK.

GLOBAL DIAMOND JEWELLERY VALUE GROWTH (USD)



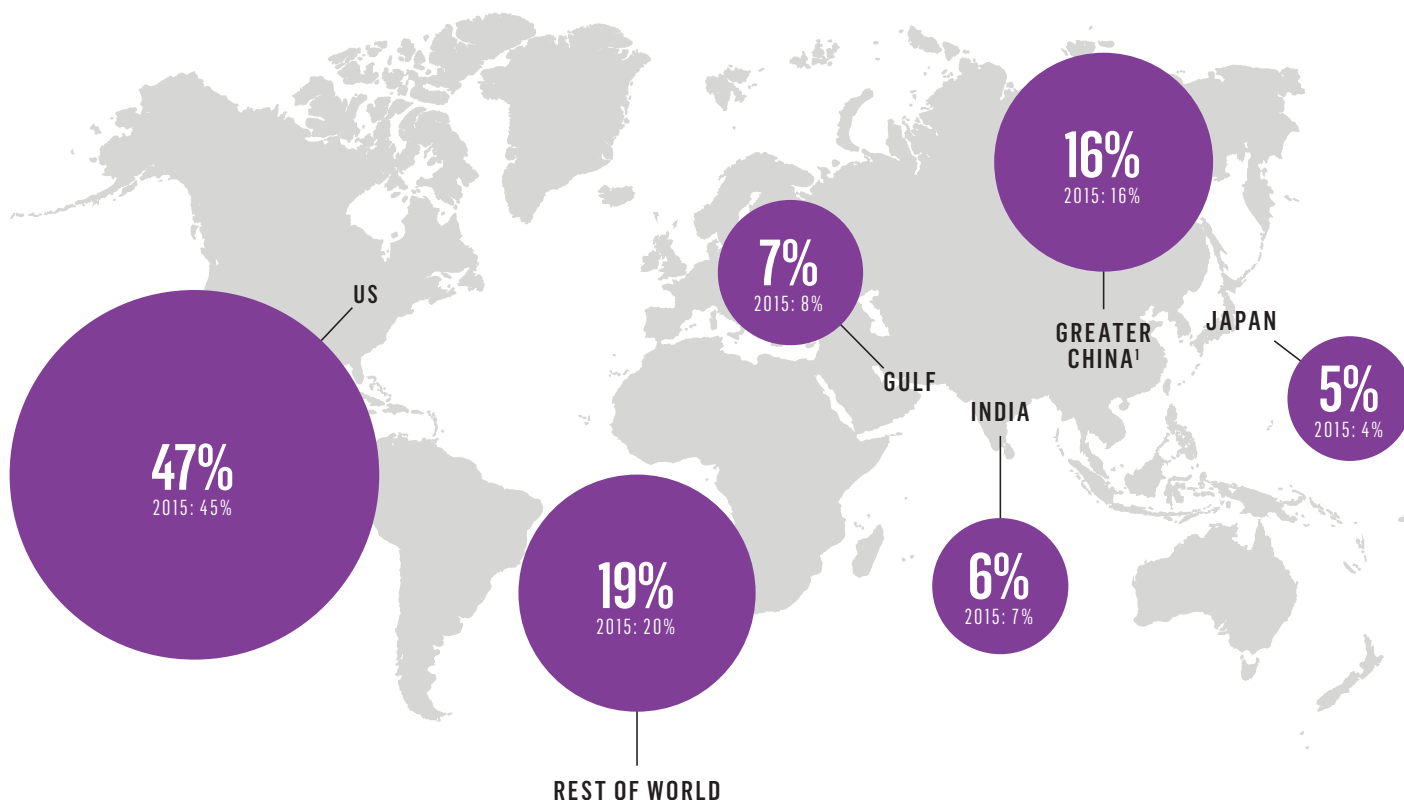
GLOBAL POLISHED DIAMOND VALUE GROWTH (USD)



Source: De Beers-commissioned consumer and retailer research, and analyses.

GLOBAL POLISHED DIAMOND DEMAND SHARE BY GEOGRAPHY

In 2016, the US gained share in polished diamond demand due to continued growth in diamond jewellery demand from consumers, while Japanese growth was influenced by the yen/US dollar exchange rate.



¹ Greater China includes Mainland China, Hong Kong and Macau.
Sources: De Beers-commissioned studies and retailers' publicly available information.

US CONSUMER TRENDS

1

Bridal diamond jewellery continues to be the foundation of the industry, but products popular with Millennials and for female self-purchase are helping to spur growth.

2

Multi-diamond jewellery pieces are seeing greater levels of consumer interest, with retailers reporting strong sales.

3

Single women's acquisitions and spend are increasing, leading to growth in self-purchasing in non-bridal, discretionary jewellery categories.

4

Many consumers are spending more on diamond jewellery, with retailers reporting an increase in the US\$1,000 to US\$4,999 category.

LOOKING AHEAD

- A relatively benign macro-economic environment should support global demand for diamonds in 2017. Geopolitical and policy uncertainties drive potential downside scenarios for the industry in the short to medium term.
- With a positive economic momentum, US retailers expect further positive growth this year.
- Retailers in China expect demand to continue to grow at a slightly faster rate in local currency.
- In India, the effect of demonetisation has proved to be less severe than anticipated, but retailers are still cautious in their outlook.

MIDSTREAM

Following a challenging 2015, more normal trading conditions returned to the diamond industry's midstream in 2016, notwithstanding the short-term disruption following India's demonetisation process.

2015

Slower growth in demand from China required midstream businesses to adjust their rough diamond purchasing. Excess inventory of polished diamonds caused declines in wholesale polished diamond prices. De Beers increased consumer marketing, adjusted rough diamond prices and offered enhanced flexibility in rough diamond supply.

2016

The appetite for rough diamonds returned as polished stock levels normalised and downstream demand supported polished prices. The Indian Government's demonetisation programme in November reduced cash in circulation by more than 85 per cent. Midstream buyers delayed rough purchases until liquidity improved in 2017.

2017

Rough demand increased in early 2017. Rough purchases have subsequently been stable, as the midstream responds to slightly improved trading conditions downstream.



LOOKING AHEAD

Changing expectations from a range of industry stakeholders are set to have a significant effect on the future success of midstream businesses.

The evolution of consumer behaviours and attitudes in the major diamond consumption countries will require midstream participants to:

- formulate flexible business models that add more value downstream;
- differentiate their offerings through better consumer understanding, design innovation, enhanced branding and pipeline insight.

The recent trend towards greater marketing investments from industry players across the value chain (including an increased budget for the Diamond Producers Association, as well as heightened investments from individual producers, brands and trade bodies) will help support this, but midstream businesses will need to adapt both product and service offerings if they are to maximise their opportunities.

Furthermore, diamantaires are under increasing pressure from primary suppliers, banks and tax authorities to impose higher standards of corporate governance and financial transparency.

As a result:

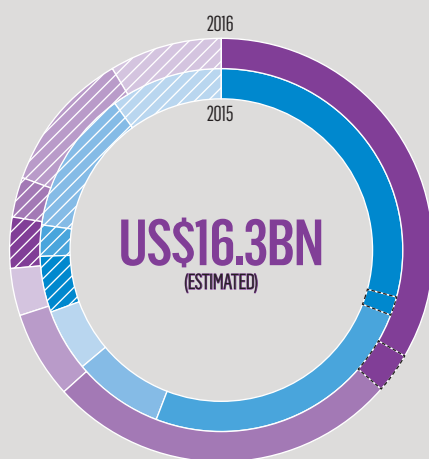
- early responders are building a stable platform for future growth with sophisticated funding portfolios combining their own equity with long and short-term debt;
- there will be increased competition for the available bank funding, with businesses able to evidence a strong track record of performance best-placed to compete;
- sufficient financing will, however, be available to those with formalised structures and professional reporting standards.

UPSTREAM

Production volumes and sales both showed growth in 2016, led mainly by expanded output from junior miners and de-stocking activity by the industry's major producers. However, the value of global production fell, as lower prices offset the increase in volumes.

ROUGH DIAMOND SALES (% VALUE BY PRODUCER)

Rough diamond sales to cutting centres increased by 19 per cent in 2016, to an estimated US\$16.3 billion. De Beers and ALROSA remained the largest suppliers of rough diamonds in 2016, accounting for 37 per cent and 27 per cent of global sales to cutting centres, in value terms. The increase in rough diamond sales in 2016 was largely driven by midstream re-stocking activity following the period of significantly reduced rough diamond-buying in late 2015.

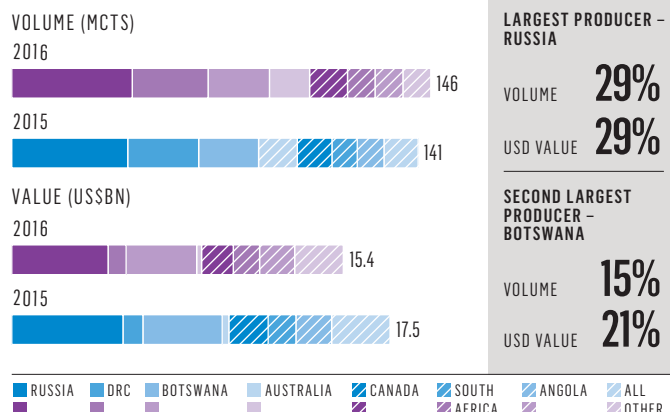


¹ Okavango Diamond Company sales, by value, are accounted for in the De Beers market share estimate as sales from Diamond Trading Company Botswana.

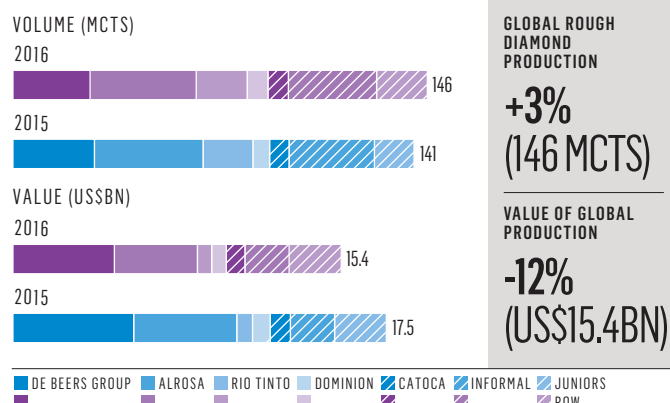
² De Beers estimates. De Beers has lower confidence in estimates of informal production.

Sales values are based on De Beers estimates where company reports are unavailable.

ROUGH DIAMOND PRODUCTION BY COUNTRY



ROUGH DIAMOND PRODUCTION BY PRODUCER



LOOKING AHEAD

NEW MINES

GAHCHO KUÉ MINE, NORTHWEST TERRITORIES, CANADA: De Beers and Mountain Province Diamonds. Anticipated average annual production: 4.5 million carats.

RENARD MINE, QUEBEC, CANADA: Stornoway Diamonds. Anticipated average annual production: 1.6 million carats.

LIQHOBONG MINE, LESOTHO: Firestone Diamonds. Anticipated average annual production: 1.0 million carats.

NEW PROJECTS

VERKHNE-MUNSKOE MINE, RUSSIA: ALROSA. Due for completion in 2018. It is the only greenfield project expected to be commissioned in the medium term.

Several brownfield expansion projects are under way, including:

DIAMIK MINE A21 EXTENSION, CANADA: Rio Tinto and Dominion Diamond Corporation. Production is set to begin in 2018.

JWANENG MINE CUT-8 PROJECT, BOTSWANA: Debswana. Production from the Cut-8 project began in 2017.

SELECTED LONGER-TERM PROJECTS

EKATI MINE SABLE AND JAY PIPE EXTENSIONS, CANADA: Dominion Diamond Corporation. The anticipated extension is expected to extend production to 2033.

VENETIA MINE UNDERGROUND PROJECT, SOUTH AFRICA:

De Beers. Development of the underground operation is expected to extend production to 2046.

NEW DISCOVERY

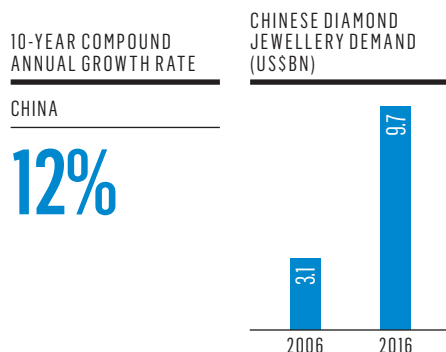
ALROSA announced in 2017 that it has plans to work with ENDIAMA to develop the Luele kimberlite mine in the Luaxe concession in Angola. While information remains limited, ALROSA and Angolan authorities have spoken of a significant discovery.

CHINA

DIAMOND JEWELLERY SECTOR HAS MORE THAN TRIPLED IN SIZE WITHIN A DECADE

The Chinese diamond jewellery sector has been the fastest growing in the world.

DIAMOND JEWELLERY DEMAND GROWTH

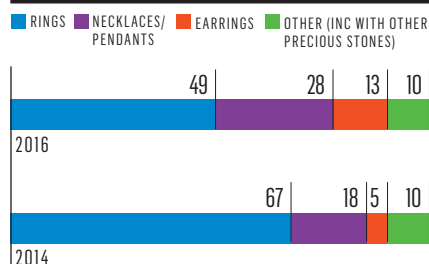


DEMAND FOR NECKLACES AND EARRINGS IS INCREASING

Traditionally, Chinese demand has been dominated by solitaire-type diamond jewellery, which accounted for 81 per cent of pieces in 2016.

Necklaces and earrings have gained share of the total number of pieces. This trend is likely to continue, as repeat purchasing increases in the future.

TYPES OF DIAMOND-ONLY JEWELLERY ACQUIRED (% OF ALL PIECES)



74% OF DIAMOND JEWELLERY PIECES IN 2016 WERE PLATINUM – THE MOST PREFERRED METAL AMONG CHINESE WOMEN

OPPORTUNITIES TO CREATE NEW DIAMOND ACQUISITION OCCASIONS EXIST

The main reasons for women not acquiring diamond jewellery in 2016 point to an opportunity for the creation of occasions for gifting, self-purchase and wearing diamonds.

MAIN REASONS FOR NOT ACQUIRING DIAMOND JEWELLERY (% OF WOMEN NOT ACQUIRING IN 2016)

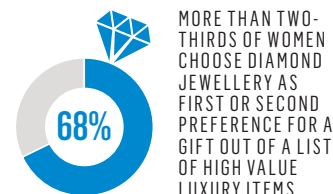


FOUR DRIVERS OF GROWTH

Brides and Millennials drove Chinese diamond jewellery demand growth in 2016.

01 DIAMOND DESIRE

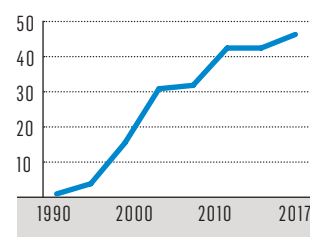
Desire for diamonds among Chinese women has remained consistently strong and is the highest of any leading diamond region in the world.



02 BRIDAL DEMAND

As Chinese women – Millennials in particular – hold an image of diamonds as symbols of love and enduring romantic relationships, diamonds are becoming an essential part of Chinese weddings. Almost half of brides in Tier 1 to 3 cities acquire a piece of diamond jewellery.

CHINESE BRIDES ACQUIRING DIAMOND JEWELLERY IN TIER 1–3 CITIES (% OF ALL BRIDES)

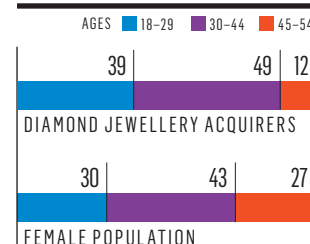


Source: De Beers-commissioned diamond acquisition studies, 2005–2016.

03 MILLENNIAL DEMAND

The younger Millennial generation (aged 18–29) acquires diamond jewellery at a considerably higher rate than older women (45–54), not least because half of brides are in this age group.

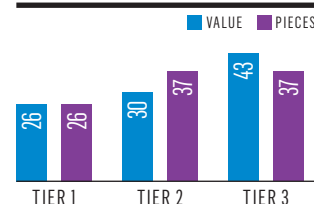
PROFILE OF DIAMOND JEWELLERY ACQUIRERS IN CHINA (% OF AGE VS TOTAL FEMALE POPULATION 2016)



04 TIER 3 CITY DEMAND

With demand in Tier 1 and Tier 2 cities reaching maturity, Tier 3 cities become a more important driver of growth and contribute the most value.

CHINA VALUE AND VOLUME OF PIECES BY CITY TIER 2016 (%)





IN FOCUS

“Today nearly half the workforce is comprised of women... Do you know what that means? That means women aren’t waiting around for men to give them little boxes! They’re buying them for themselves. And they are wearing those statement pieces and handbags and shoes like the Olympic medals that they are. They’ve been earned. And when you earn something, you prize it, you delight in it, you savor it.”

ANNE FULENWIDER
EDITOR IN CHIEF, MARIE CLAIRE¹

THE CHANGING FACE OF THE FEMALE CONSUMER

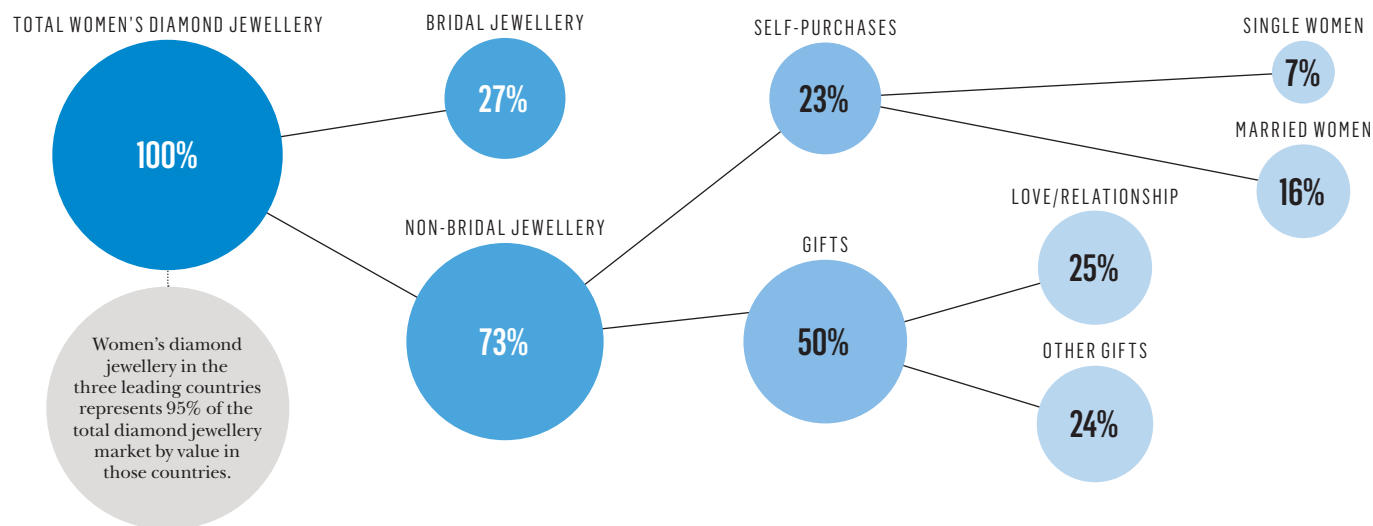
Demand from women represents more than 90 per cent of all diamond jewellery sales around the world. This means their opinions and interests are of paramount importance to any business in the diamond sector.

As symbols of longevity, eternity and strength, diamonds have been inextricably linked to love for decades. It's therefore no surprise that more than half of all women's diamond jewellery acquisitions are related to bridal occasions or given as gifts of love (Fig. 1).

While this will remain the primary motivation for diamond jewellery purchases, it is clear that women's roles in the workplace and in society are changing. As a result, their views on what it means to be feminine are adjusting and transforming, opening up new opportunities for diamond jewellery acquisition.

In this section, we look in depth at three trends that demonstrate the changing ways in which women are participating in society. We consider how these are affecting their behaviour as consumers of diamond jewellery, both globally and in the world's four leading diamond consumer nations (the US, China, Japan and India). And we explore how emerging female consumer trends interact with longstanding traditions and beliefs to create further growth potential.

FIG. 1: MAIN SEGMENTS IN THE WOMEN'S DIAMOND JEWELLERY SECTOR IN THE THREE LEADING CONSUMER COUNTRIES – US, CHINA AND JAPAN 2014–2016
(DIAMOND JEWELLERY VALUE SHARES)



Notes: 1. Total demand in the three leading countries for diamond jewellery represents 67 per cent of global demand.

2. Some figures may not add up to 100 per cent due to rounding.

Source: De Beers-commissioned diamond acquisition studies in US, China and Japan, 2014–2016.

INCREASED PARTICIPATION OF WOMEN IN THE ECONOMY

More women than ever before across the world are in paid employment and their earnings are on the rise. As a result, they are buying more diamond jewellery for themselves, but their motivations for purchase, and the types of jewellery they buy, vary across the major consumer nations.

GLOBAL ECONOMIC DEVELOPMENT HAS ENABLED WOMEN'S INCREASED PARTICIPATION IN THE WORKFORCE

The number of working women has been on the rise for many years. In most member countries of the Organisation for Economic Co-operation and Development (OECD),² the proportion of women aged 25 to 54 in the workforce continues to increase. In 1980, this figure stood at 54 per cent (Fig. 2). By 2010, it had risen to 71 per cent, albeit with significant differences in the rate of growth between countries.

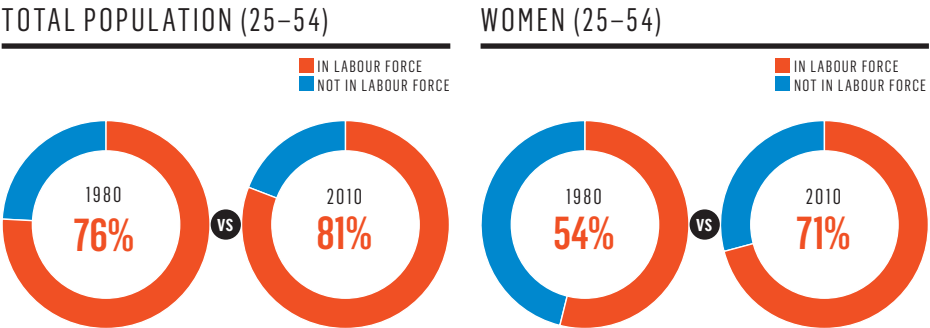
Today, in the US, 69 per cent of Millennial women aged 18 to 33 are in the labour force, compared with 78 per cent of men in the same age group. This is a significant shift from the Baby Boomer generation:

in 1963, the participation of men aged 18 to 33 stood at 88 per cent, and women of the same age group at 41 per cent.³

These trends are bringing about rapid changes in the relative earning power of the genders. Research indicates that 24 per cent of women in the US and 25 per cent in China are already earning more than their spouses. And it forecasts that more than half of all US households will have a woman as a major income-provider by 2025.⁴

The narrowing gap in labour force participation between men and women is also leading to a corresponding decline in the difference between their earnings.

FIG. 2: HISTORIC PARTICIPATION IN LABOUR FORCE (OECD COUNTRIES, POPULATION AGED 25-54)



Note: For full-time wage and salary workers.
Source: US Department of Labor, Bureau of Labor Statistics, BLS Report 1064, November 2016.

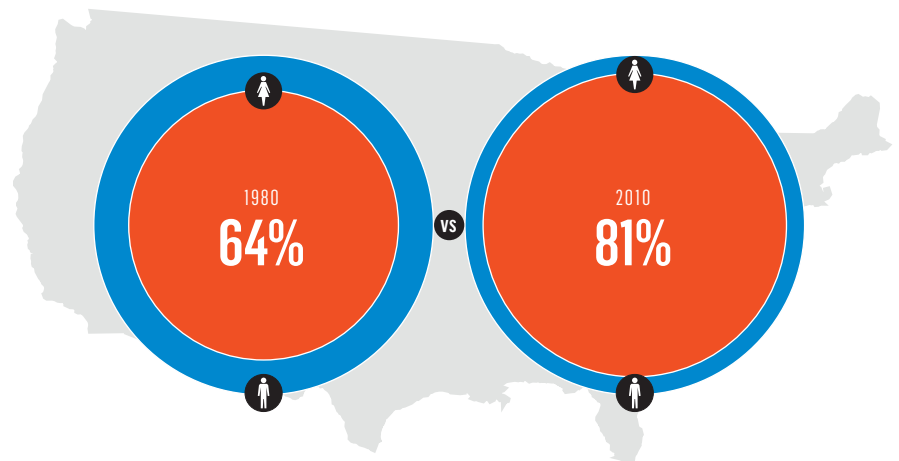
INCREASED PARTICIPATION OF WOMEN IN THE ECONOMY CONTINUED

Women's earnings growth (Fig. 3) is one direct result of the 21st century's significant increase in female participation in tertiary education. The percentage of women across the world aged 25 to 64 who have completed higher education rose from 21 per cent in 2000 to 38 per cent in 2015.⁵

And it's not only the earning power of women that is changing as a result of increased participation in tertiary education. Their role within the home is also evolving as their responsibilities as providers for their families increase (Fig. 4). This is a role they welcome: research from the global marketing communications company J. Walter Thompson shows that 72 per cent of women globally say that they're proud to be a good provider.⁶

Female advancement over the last half century has been on many fronts besides economic empowerment. Women also have increasing power and influence in leadership roles in business and politics, the media and other fields, creating new role models in many spheres of life.

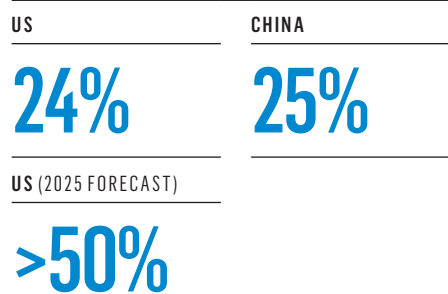
FIG. 3: INCREASED EARNINGS OF US WOMEN
(US WOMEN'S EARNINGS AS A PERCENTAGE OF MEN'S)



Note: For full-time wage and salary workers.

Source: US Department of Labor, Bureau of Labor Statistics, BLS Report 1064, November 2016.

FIG. 4: HOUSEHOLDS CURRENTLY WITH WOMEN AS THE MAJOR INCOME-PROVIDER



Source: JWT Women's Index Study, 2015.

CASE STUDY

FEMALE TRIBES

As Group Planning Head at J. Walter Thompson (JWT), one of the world's largest marketing communications and advertising businesses, Rachel Pashley has long felt the need to address the ways in which women are presented in advertising.



RACHEL PASHLEY
GROUP PLANNING HEAD,
J. WALTER THOMPSON

"Advertising is repetitive. It has to be in order to have impact and be memorable," Rachel says. "But this can easily create and reinforce stereotypes. And when JWT research reveals that only 10 per cent of women portrayed in advertising has gainful employment, versus 70 per cent in the actual population, you can see that the cultural conversation needs to change."

That's why Rachel has pioneered 'Female Tribes', a unique, rolling study that over the last two years has talked to more than 8,000 women aged 17 to 70 in 19 countries about many aspects of their lives.

Many of the findings that relate to diamond jewellery are used in this report.

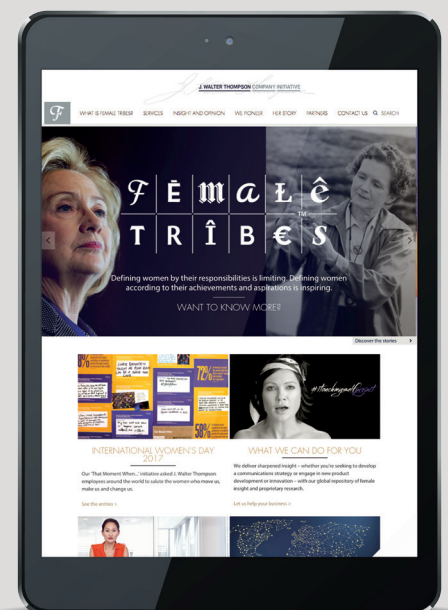
And, she says, the research results are exploding myths about women's attitudes. "We found a quite staggering level of ambition – alpha females succeeding in their careers, regardless of country, age or parental status," she says. "Motherhood actually intensifies that drive to excel."

The researchers also identified 'tribes' with different motivations, from the self-focused 'hedonist' to the adventure-seeking 'explorer', each with her own motivation for buying diamonds. "For the hedonist, the buying experience is as important as the piece itself," Rachel says. "For the explorer, an exotic provenance can express her uniqueness."

Rachel believes there are lessons here for jewellery retailers: "Today's buying experience is too serious. Make it fun, self-gratifying – learn from the intensely experiential approach taken by skincare companies. Give women 'permission' to reward themselves."

"Above all, ensure your communications embrace the possibilities, not the responsibilities, of being a woman."

"We found a quite staggering level of ambition – alpha females succeeding in their careers, regardless of country, age or parental status."



INCREASED PARTICIPATION OF WOMEN IN THE ECONOMY CONTINUED

THE CONSEQUENCES FOR THE DIAMOND INDUSTRY: SELF-PURCHASE IS AT RECORD HIGHS

The steady increase in female economic influence is closely related to women's growing social empowerment. These two forces are transforming the behaviour of female consumers, whose financial independence and confidence are growing simultaneously.

De Beers' research shows that women are increasingly active purchasers of diamond jewellery. In 2016 in the US, 31 per cent of all women's diamond jewellery was bought by women themselves (Fig. 5).

Self-purchasing of non-bridal diamond jewellery pieces grew in the US by more than a third between 2005 and 2015, reaching 33 per cent (Fig. 6).

And even when women are not buying for themselves, their influence on purchase decisions remains important. Women often choose gifted jewellery themselves or have input into its selection. In the US, women influence the choice of piece in 42 per cent of all diamond jewellery gifts. And their influence is even higher in Japan and China (Fig. 5).

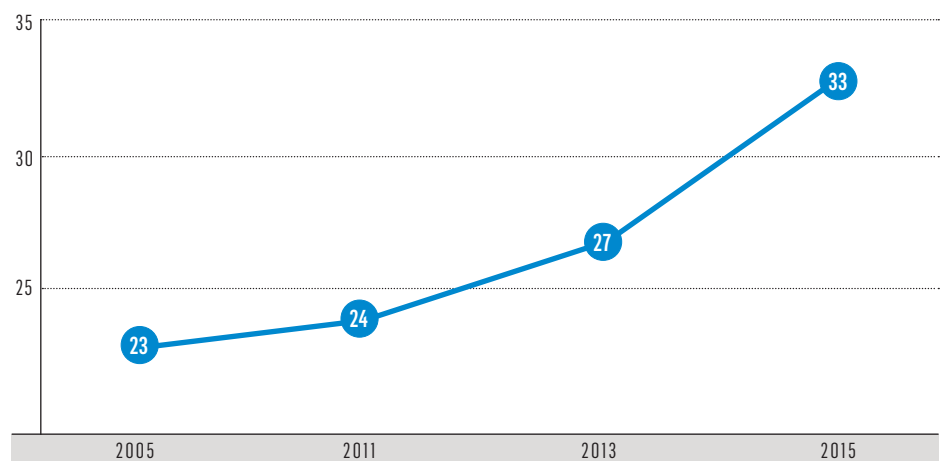
One country with a unique purchasing profile is India, where self-purchase is an established cultural norm. Unlike in Japan and China, there has been no adoption here of the Western engagement ring tradition. Instead, women make 41 per cent of purchases for themselves. Another 42 per cent are chosen by women, despite being paid for by somebody else.⁷

FIG. 5: SHARE OF SELF-PURCHASED DIAMOND JEWELLERY PIECES (% PIECES)



Source: De Beers-commissioned diamond acquisition studies, 2014–2016.

FIG. 6: SHARE OF SELF-PURCHASED DIAMOND JEWELLERY IN THE US NON-BRIDAL WOMEN'S SECTOR 2005–2015 (% PIECES)



Source: De Beers-commissioned diamond acquisition studies, 2005–2016.

THE ONGOING DESIRABILITY OF DIAMONDS

*“If I buy from my own salary, I will always cherish it. It’s also a sense of achievement.”**

FEMALE, INDIA

*“I saw a four-carat dress ring. I liked it, so I bought it.”***

FEMALE, US

Increasing levels of self-purchase show that women’s wish to possess diamonds remains high across the world.

While women’s desire to be given diamonds is strong in all countries, those in China and India are keener to buy for themselves than their counterparts in Japan and the US. This is due to the aspirational nature of diamonds in emerging markets where the tradition of buying them is relatively new.

The Indian Elites,⁸ the most affluent segment of society in India, is a case in point.

This group’s increasing affluence is leading a shift in traditional values, from a preference for gold to an increasing demand for diamonds. And, as the Indian middle classes continue to grow and increase their wealth, the country’s broader affluent⁹ consumer segments are likely to follow this lead.

In fact, when women in all main diamond consumer nations are given a free choice of having anything from a list of aspirational and luxury products (regardless of cost), they report a high desire to be given or to buy diamond jewellery (Fig. 7).

Source: * Forevermark-commissioned research, 2016.
** Forevermark-commissioned research, 2014.

FIG. 7: DESIRABILITY OF DIAMONDS IN SOME OF THE TOP DIAMOND CONSUMER NATIONS

Ranking of diamond jewellery as most desired item:



Source: De Beers-commissioned diamond acquisition studies, 2014–2016.

INCREASED PARTICIPATION OF WOMEN IN THE ECONOMY CONTINUED

THE RETAIL OPPORTUNITY: WHO IS BUYING, WHAT THEY'RE BUYING, AND WHY THEY'RE BUYING

WHO? THE PROFILE OF SELF-PURCHASERS

De Beers' research shows that self-purchase in the US and Japan is more likely to be among married women, while in China it is the single women who acquire for themselves. Most self-purchasers in the three main diamond markets are aged over 35 and have medium to high income levels (Fig. 8).

WHAT? THE PIECES THAT WOMEN ARE BUYING FOR THEMSELVES

The most popular types of jewellery for self-purchase are rings across all markets. In China, rings account for more than half of all self-purchases. In the US, earrings follow close behind rings. While in Japan, necklaces are the second most common self-purchase (Fig. 9).

The average price of self-purchased diamond jewellery tends to be slightly lower than that of all diamond jewellery acquired for women (including items bought as gifts). While the price differential isn't very large in the US and China, it's more notable in Japan (Fig. 10).

FIG. 8: PROFILE OF SELF-PURCHASING BY TYPE OF ACQUIRER (% OF ALL SELF-PURCHASED PIECES)

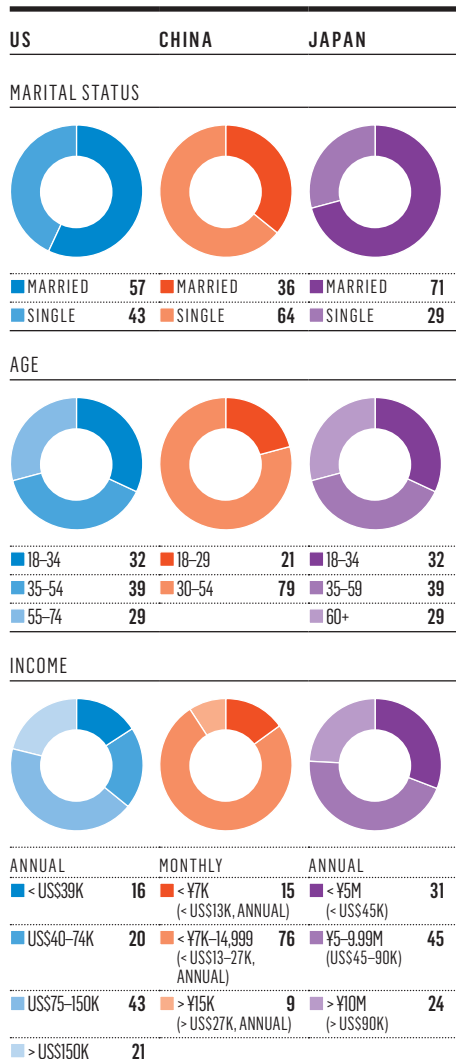
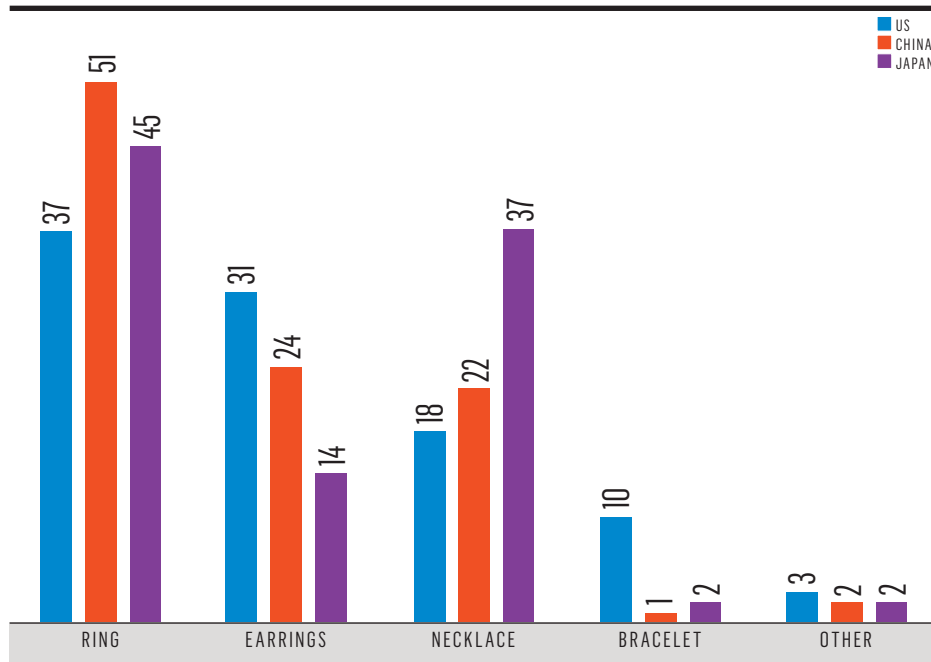


FIG. 9: PROFILE OF SELF-PURCHASING BY TYPE OF PRODUCT (% OF ALL SELF-PURCHASED PIECES)



Note: Some figures may not add up to 100 per cent due to rounding.

FIG. 10: AVERAGE PRICE OF SELF-PURCHASES AGAINST MARKET AVERAGE

	US	CHINA	JAPAN
AVERAGE PRICE OF SELF-PURCHASE (US\$)	1,300	950 (RMB6,400)	1,400 (¥60,500)
	VS	VS	VS
AVERAGE PRICE ACROSS TOTAL WOMEN'S MARKET (US\$)	1,400	1,100 (RMB7,600)	1,700 (¥93,400)

Source: De Beers-commissioned diamond acquisition studies, 2014-2016.

Source: De Beers-commissioned diamond acquisition studies, 2014-2016.

WHY? PROFILE OF SELF-PURCHASING BY OCCASION AND MOTIVATION

Most commonly, self-purchase results from a spontaneous decision rather than being motivated by a specific occasion (Fig. 11). This emphasises the importance of jewellery and the retail environment to stimulate impulse desire.

The motivations that drive diamond acquisitions differ by country. In the US, the top motivator is good price (23 per cent). However, in the remaining 77 per cent of

purchases, the driving reasons are much more emotional. Emotional drivers are particularly powerful in China, with celebration of relationship and personal milestones topping the list, while Japanese women buy on impulse (Fig. 12).

The story is different in India, where single women are likely to buy diamond jewellery once they have saved enough after starting work. These are often important 'milestone' purchases which give them a powerful sense of achievement. Married women in India buy for themselves to fulfil a long-held dream.¹⁰

FIG. 11: PROFILE OF SELF-PURCHASING BY OCCASION FOR ACQUISITION
(% OF ALL SELF-PURCHASED PIECES)

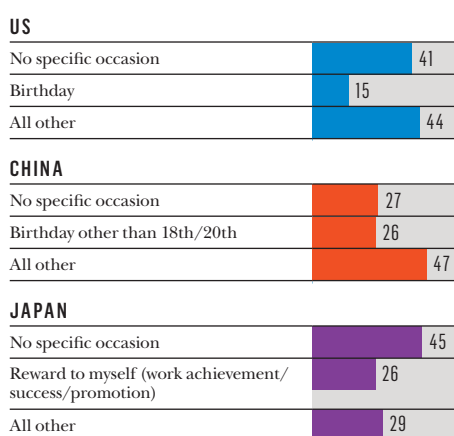
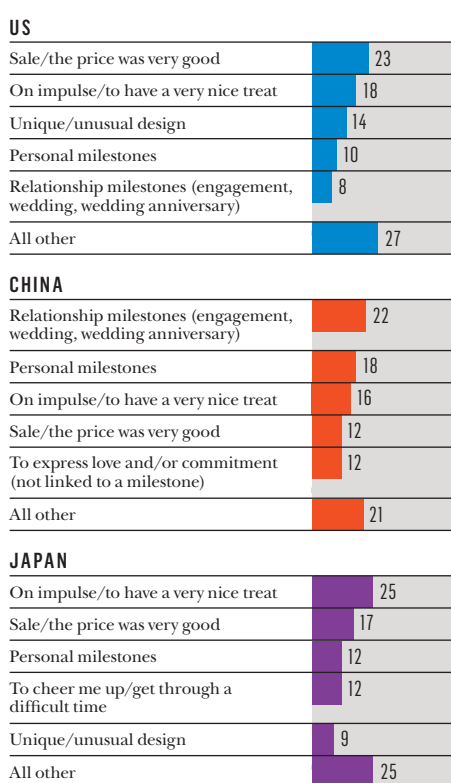


FIG. 12: PROFILE OF SELF-PURCHASING BY MOTIVATION FOR ACQUISITION
(% OF ALL SELF-PURCHASED PIECES)



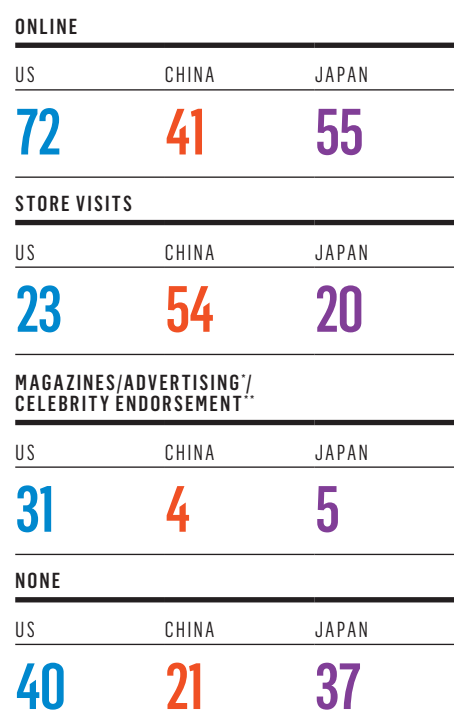
Note: Some figures may not add up to 100 per cent due to rounding.

HOW? RESEARCHING SELF-PURCHASES

Often, self-purchasing is done on impulse and for no specific occasion. As such, significant proportions of self-purchases are made without any prior research, ranging from 21 per cent in China to 40 per cent in the US.

However, when it comes to planned acquisitions, the internet – with its ability to combine communications with selling – is a major source of information on brands, designs and prices, particularly in the US and Japan (Fig. 13).

FIG. 13: RESEARCHING SELF-PURCHASES
(% OF ALL SELF-PURCHASED PIECES)



Note: Multiple options are possible for each purchase.

* In the US.

** In China and Japan.

Source: De Beers-commissioned diamond acquisition studies, 2015 and 2016.

CHANGING FAMILY AND PERSONAL RELATIONSHIPS

The changing roles of women in the economy and society lead to changes in personal relationships. Modern relationships and marriages are increasingly based on partnership between individuals who seek personal growth alongside progress in their relationship. As a result, diamonds are being purchased to symbolise a more diverse selection of ‘moments’ in a life, rather than just relationship milestones.

NEW PERCEPTIONS OF MARRIAGE

Female economic independence is bringing about changes in how women view and participate in marriage and other personal relationships (Fig. 14).

Despite cultural differences, there are some common attitudinal shifts in how women perceive marriage. In the US, for example, women no longer see either marriage or love as the be-all and end-all. In fact, 73 per cent of US women don’t feel they need a partner to be complete.¹¹

But this doesn’t mean that Millennials in the US reject marriage: 69 per cent of unmarried Millennials say they would like to marry, but plans are often delayed – most often by their economic situation.¹²

The financial position is one of the reasons why people are now getting married later. This is happening most noticeably in the US and Japan, where the average ages for women at first marriage are 27 and 30 respectively.¹³

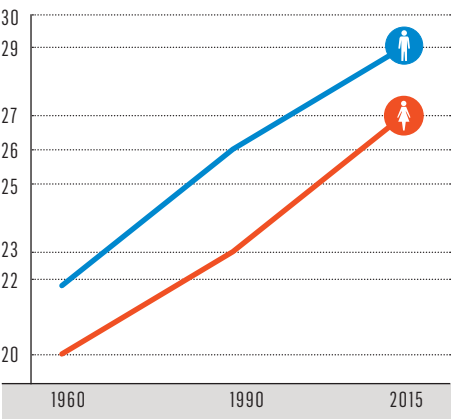
As people in these countries are more mature when they first marry, they are increasingly entering marriage on a more equal footing – as partners who retain their individuality within the relationship.

This is helping them sense they have more choices, including the opportunity to focus on the growth of both individuals rather than the partnership itself.

In turn, this is helping to change attitudes and expectations when it comes to diamond jewellery.

FIG. 14: THE NEW MARRIED WOMAN

US COUPLES ARE MARRYING LATER (AVERAGE AGE OF FIRST MARRIAGE)



Source: National Centre for Family and Marriage Research, Bowling Green State University, 2016.

CHILDREN ARE NO LONGER A MUST

The ‘Not-Mums’ are perfectly fulfilled in their choice to be child-free (which can include parts of life before and following caring for children, rather than being childless).

US WOMEN AGED 15–50 WHO HAVE NO CHILDREN (%)	US WOMEN WHO FEEL THAT SOCIETY NEEDS TO ACCEPT THAT CHILD-FREE WOMEN CAN BE FULFILLED (%)
43	80

Source: US Census, quoted in Female Tribes, JWT 2015 report; JWT Women’s Index Study, 2015.

CHANGING FAMILY AND PERSONAL RELATIONSHIPS CONTINUED

FROM MILESTONES TO 'MULTIPLE MOMENTS'

As marriage comes later, women are buying or receiving diamonds for other occasions before marriage.

In the US, women are coming by their first piece of diamond jewellery at an increasingly young age. Twenty per cent of those who own diamond jewellery, and were aged between 18 and 35 in 2015, were under 16 when they acquired their first piece of diamond jewellery. Only 15 per cent of women from older age groups did so at this age.¹⁴

So the traditional emphasis on a series of linear life 'milestones' – including graduation, engagement and anniversaries – is evolving to incorporate what might be called 'multiple moments' (Fig. 15).

These moments are not connected by a seemingly natural progression. Instead, they occur at irregular points throughout life.

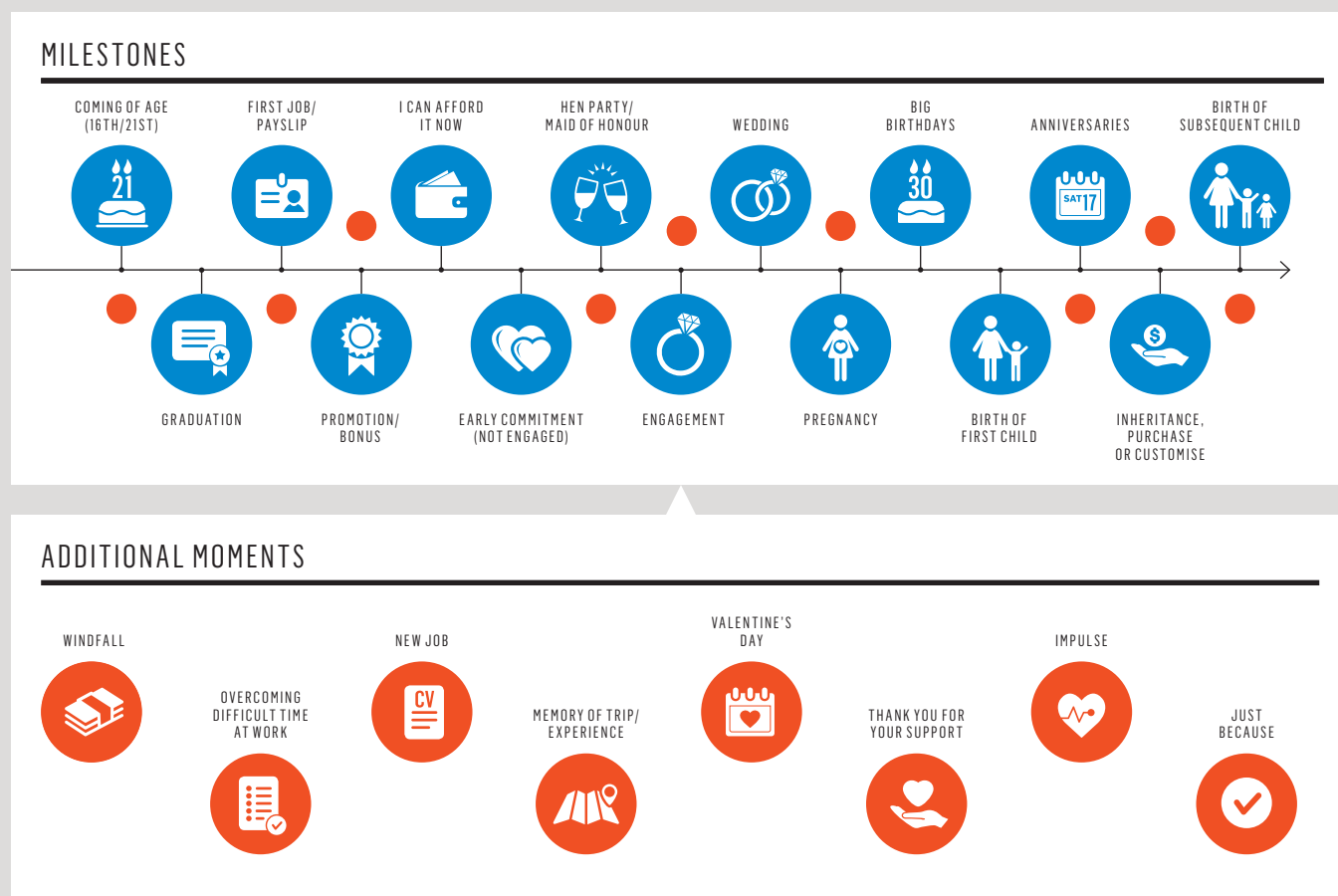
THE RETAIL OPPORTUNITY: PROVIDING 'ENCOURAGEMENT' TO MARK THE MOMENT

'Multiple moments' can include a wide range of opportunities to celebrate, from getting a new job to a memento of a great experience or a personal thank you.

But the traditional and new ways of using diamonds to symbolise relationship events are by no means mutually exclusive. Familial gifting and the tradition of celebrating commitment and love in marriage are both still very much alive.

And the tendency to celebrate a woman's personal and career achievements is growing too.

FIG. 15: SHIFT FROM LINEAR MILESTONES TO 'MULTIPLE MOMENTS'



Source: Forevermark-commissioned research, US, 2017.

CHANGING FAMILY AND PERSONAL RELATIONSHIPS CONTINUED

LOVE GIFTING IN THE ERA OF THE MODERN RELATIONSHIP

“I think the ‘happily ever after’ story that we hear about isn’t about the happily ever after story in real life.

“My husband getting me a gift to celebrate my career is part of our happily ever after story. So is every fight we’ve ever had.

“Happily ever after happens at the end of a movie, but all over the place in the middle of a life.”

RACHEL, 31, COUPLE

While the growth of diamond jewellery self-purchase by women has been noted as mentioned in Trend 1, love gifting and bridal acquisition still represent the majority of demand in the three leading consumer markets of the US, China and Japan (see Fig. 1). However, increasing female equity within a relationship, and changing attitudes to marriage and romantic partnerships, have led to a corresponding development within gifting behaviour.

There has also been a notable shift in diamond acquisition behaviour, from the traditional marking of linear milestones to spontaneously marking more ‘moments’ in life. One of the main drivers of this has been the expansion of gifting to celebrate a woman as an individual, rather than to celebrate the relationship.

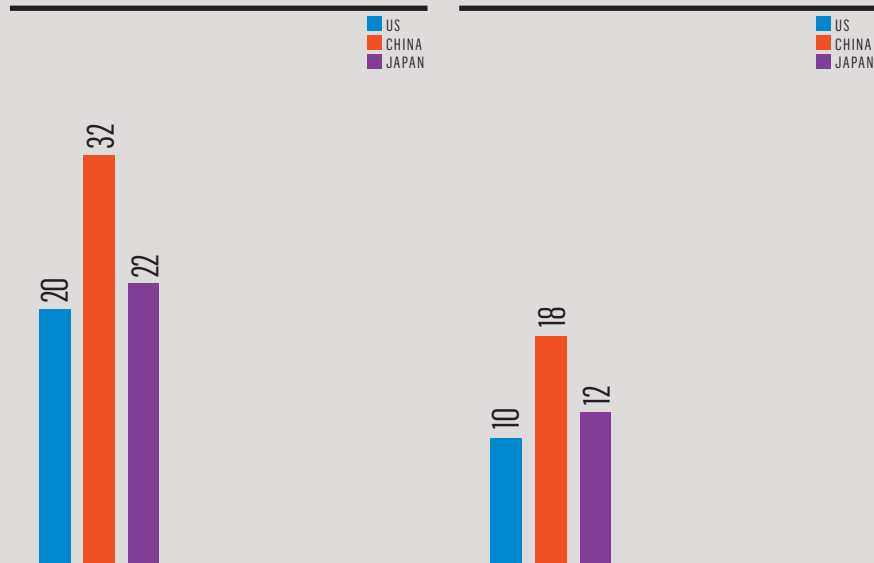
Interestingly, diamond jewellery acquisition to celebrate a woman’s personal achievement is greater within the context of love gifting than within self-purchase. In the three leading consumer markets, men are more likely to acquire diamond jewellery for celebrating a woman’s personal milestone than women are to buy for themselves for this reason (Fig. 16).

For men, diamond jewellery represents the ultimate gift for their partner.¹⁵ This superlative quality joined with a diamond’s uniqueness is particularly interesting when combined with the growing importance of individual growth and empowerment. Diamonds can give inner confidence and outer recognition. Many men now choose diamonds to celebrate their pride in a woman for all of her qualities and who she is in the world, rather than as a gift thanking her for the role she plays in their relationship and family.

FIG. 16: CELEBRATING OR COMMEMORATING A PERSONAL MILESTONE (% OF PIECES PURCHASED)

LOVE GIFT

SELF-PURCHASE



Source: De Beers-commissioned diamond acquisition studies in US, China and Japan, 2014–2016.

CONSEQUENCES FOR THE DIAMOND INDUSTRY: FAMILIAL GIFTS AND NEW MOMENTS FOR BUYING DIAMONDS

Gift-giving within the family – particularly by older to younger members – is an important part of the global diamond jewellery sector.

In the more developed diamond-buying nations, the population aged over 60 is forecast to grow by a third between 2015 and 2030. This age group is expected to generate 51 per cent of these countries' growth in urban consumption in this period.¹⁶

This makes intergenerational gifting an increasingly important focus area for diamond jewellery companies. More than a quarter of diamond jewellery pieces gifted to single women in the US and Japan, and a fifth in China, are gifts from family members (Fig. 17).

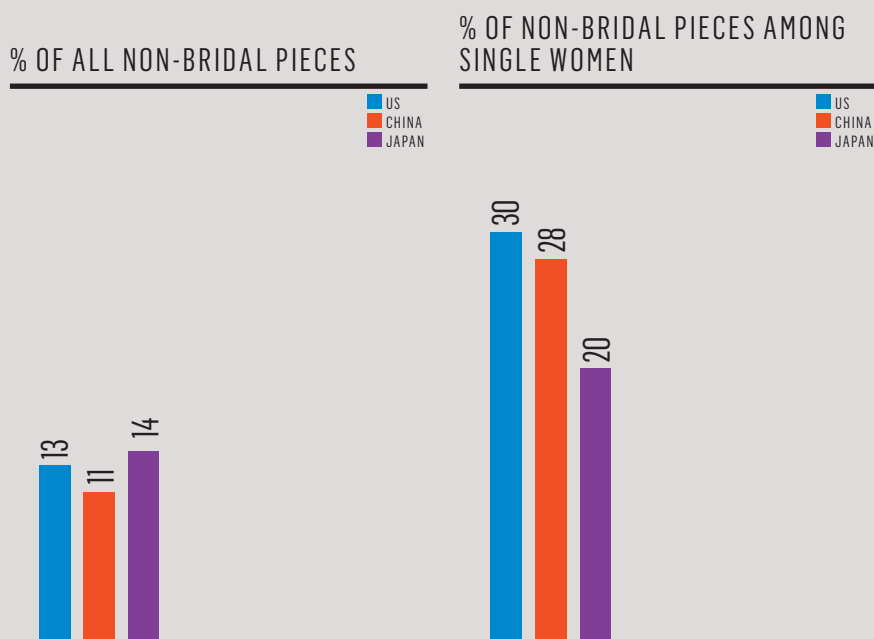
In India, where women are the main decision-makers in almost all diamond purchasing, the position is slightly different. Unlike in other countries, gold and diamond jewellery is gifted by the families of newly-weds – not by the groom. And it is mothers and other female family members who make the choices.

When it comes to non-bridal diamond jewellery, more than a quarter (27 per cent) of diamond pieces in India are bought by women for other women – most often family members.¹⁷

A US designer and manufacturer of custom beaded jewellery recently observed that 40 per cent of her female customers buy jewellery as gifts for other women.¹⁸

The main reasons why women buy jewellery as gifts are to bond with another woman they care about and to celebrate a special moment with someone they love.¹⁹ These factors highlight a market opportunity created by women's need for female bonding, including gifting from women to other women, both in the family and in a close circle of friends.

FIG. 17: WOMEN RECEIVING NON-BRIDAL DIAMOND JEWELLERY AS A GIFT FROM FAMILY



Source: De Beers-commissioned diamond acquisition studies, 2014–2016.

FEMININITY REDEFINED

Women are redefining femininity, away from the ‘sweetness’ of previous generations to combine strength with an essential grace. Diamonds are consequently becoming symbols of a wider range of emotions, including pride, joy and achievement. Meanwhile, as success becomes more about ‘who I am’ than ‘what I have’, the experiential element of the diamond acquisition process also assumes greater importance.

TODAY’S WOMEN ASSOCIATE FEMININITY WITH STRENGTH

Women around the world are sending a clear message – that they welcome and embrace their changing position in society and the family. They enjoy their increasing levels of economic power and social influence. And they are proud of their dual role as co-provider and nurturer.

In short, they are redefining what it means to be feminine.

In the 2015 JWT study, 76 per cent of the women polled felt that there has never been a better time to be a woman.²⁰

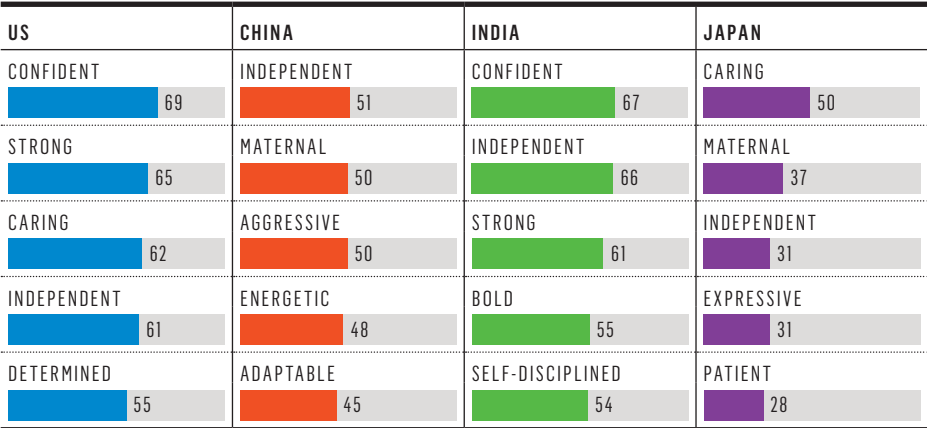
For modern women, empowerment and femininity are not mutually exclusive (Fig. 18).

This is evident from an opinion shared by 86 per cent of women globally that femininity is a strength and not a weakness.²¹

This shift in attitude is closely associated with changes in how they regard femininity itself. Unlike former generations, today’s women associate femininity with confidence – not with ‘sweetness’.

Being feminine now includes characteristics such as confidence, independence, boldness and determination. It does not, however, sacrifice ‘traditional’ values such as caring, maternity and patience (Fig. 18).

FIG. 18: ATTRIBUTES MOST STRONGLY ASSOCIATED WITH FEMININITY (% OF FEMALE RESPONDENTS)



Source: JWT Women’s Index Study, 2015.

FEMININITY REDEFINED CONTINUED

This has seamlessly moulded two previous generations' visions of what it means to be feminine.

One vision is that of the 1960s to the 1990s, when attributes like strength, determination and power were exemplified by figures such as Margaret Thatcher and Madonna.

The other is that of the 1950s, when icons like Doris Day and Audrey Hepburn exhibited the qualities of grace and delicacy (Fig. 19).

So, with this alignment of strength and grace, the vision we see of today's 'new femininity' is a balanced one. This balance gives the modern woman confidence and enables her to focus on personal growth and celebration of personal achievement.

THE RISE OF THE MATURE SINGLE WOMAN

The increasing significance of the mature single female is one aspect of the new femininity that's particularly important for the diamond industry in developed countries.

As discussed earlier, the over-sixties population in developed countries is forecast to grow by a third by 2030 and account for more than half of consumption growth in these locations.²²

Marketers are thoroughly acquainted with the importance of mature women in the marital gifting of diamond jewellery. However, the unmarried woman in her fifties or sixties is less well understood and catered for.

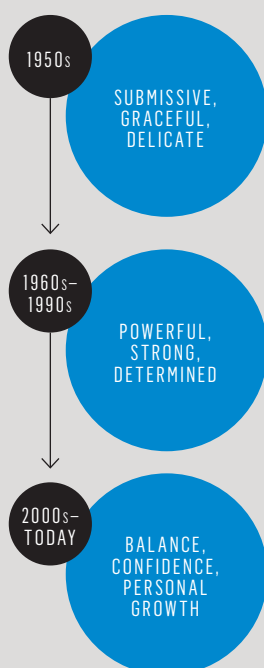
In the era of new femininity, this mature woman continues to be comfortable expressing her interest in relationships, dating and love. She is emerging as a specific non-traditional consumer segment in her own right.

Mature women in general already account for a considerable proportion of diamond jewellery sales in the mature nations of Japan and the US (Fig. 20). In Japan, older women are also heavier spenders than their younger counterparts – the value of their share of jewellery purchases far exceeds their volume share.²³

In contrast, the role of the mature single woman as a consumer of diamond jewellery is less significant in China and India. In these emerging diamond nations, there are two main drivers of demand:

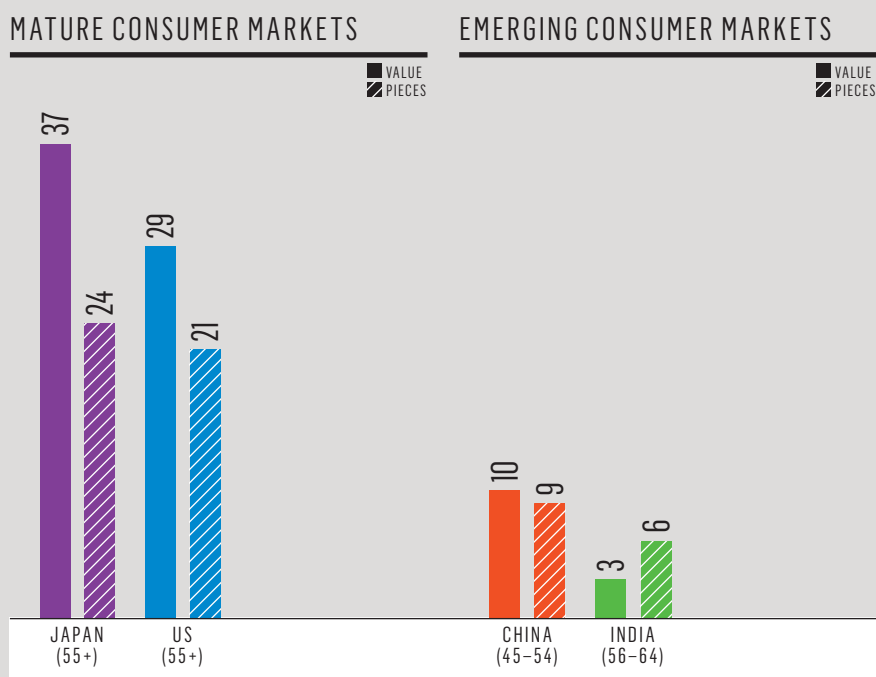
- Millennials, who are responsible for the majority of bridal demand.
- Middle-aged women who have attained higher levels of affluence and are increasingly repeat purchasers of diamonds.

FIG. 19: THE CHANGING FACE OF FEMININITY IN THE US



Source: Forevermark-commissioned research, US, 2016.

FIG. 20: SHARE OF MATURE WOMEN'S DIAMOND JEWELLERY PURCHASES IN THE MAIN DIAMOND COUNTRIES (%)



Source: De Beers-commissioned diamond acquisition studies, 2014-2016.

FEMININITY REDEFINED CONTINUED

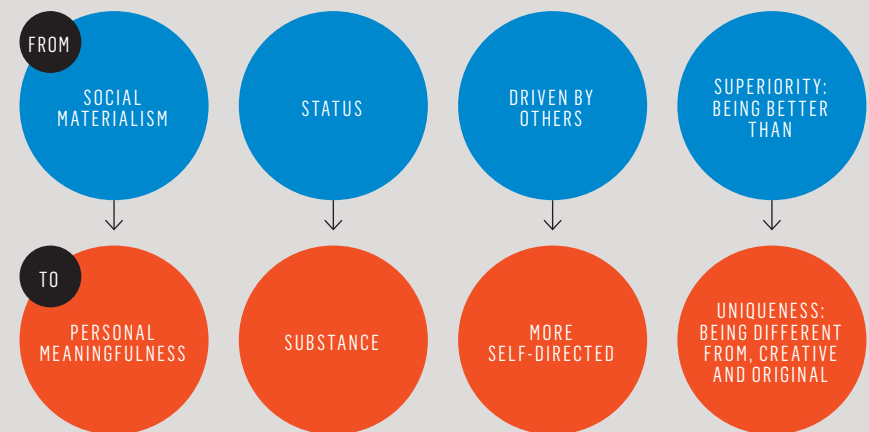
NEW MEASURES OF SUCCESS

The measures of a successful life for women across the world include financial independence, alongside personal happiness and a happy, healthy family. This is true in all four of the main global regions for diamond jewellery (Fig. 21).

But other aspirations differ between these countries. For example, a happy marriage is more important for Chinese women, while a balanced lifestyle is a bigger priority in India. And being loved is most highly valued in the US.

These findings are echoed by further research, which suggests that success is increasingly defined by the acquisition of knowledge and ideas – not material goods (Fig. 22).

FIG. 22: MARKERS OF PERSONAL GROWTH ARE THE NEW IDENTITY SYMBOLS



Source: Forevermark-commissioned research, 2017.

FIG. 21: CHARACTERISTICS MOST COMMONLY USED TO DEFINE SUCCESS (% OF FEMALE RESPONDENTS)

US	CHINA	INDIA	JAPAN
HAPPY 41	HEALTHY 40	HAPPY 35	HEALTHY 53
RAISING HAPPY HEALTHY KIDS 32	FINANCIAL INDEPENDENCE 30	FINANCIAL INDEPENDENCE 35	HAPPY 47
GOOD FAMILY RELATIONSHIPS 30	GOOD FAMILY RELATIONSHIPS 29	WELL BALANCED LIFESTYLE 31	GOOD FAMILY RELATIONSHIPS 38
FINANCIAL INDEPENDENCE 28	BEING HAPPILY MARRIED 28	HEALTHY 29	FINANCIAL INDEPENDENCE 28
BEING LOVED 27	AN ACTIVE LIFESTYLE 24	GOOD FAMILY RELATIONSHIPS 24	RAISING HAPPY HEALTHY KIDS 27

Source: JWT Women's Index Study, 2015.

THE RETAIL OPPORTUNITY: HELPING TO REVEAL THE INNER PERSON

This shift from the external to the internal, from 'what I have' to 'who I am', is a strong trend among Millennials, as The Diamond Insight Report 2016 pointed out. It is something diamond marketers and brands need to address in their offering to the 21st century woman.

While in the past, diamonds may have been purchased more frequently as a mark of status or wealth, consumers now seek purchases that offer an experience or reinforce the value of another experience.

Diamond marketers therefore need to continue seeking the right values, occasions and images when promoting their products.

However, the unique space that diamonds occupy in the luxury world – as a hybrid of product and experience – also offers opportunities. The acts of giving, receiving and self-purchasing diamonds already have a significant experiential element, enabling acquirers to share their diamond story with peers. The commercial potential of this experiential element of the diamond acquisition process could also be developed further, whether through the in-store experience, the use of online material that can be shared through social channels, or other innovations that enable the sharing of experiences.

CASE STUDY: DIAMOND PRODUCERS ASSOCIATION (DPA) – INSPIRING WOMEN WITH 'REAL IS RARE'

The DPA's Real is Rare campaign celebrates the idea that authentic connection and emotional commitment are worthy of a diamond in and of themselves. The spirit of the campaign encompasses love and relationships of all kinds, not relying solely on ceremonies as occasions to gift a diamond. Real is Rare aims to present love and commitment in a modern context that is relevant to US Millennials. The tone of these alternative 'fairy tales' is honest, the love is real and

beautifully imperfect, and the rarity and preciousness of genuine connection is underscored. Couples are presented as equals, and the narratives are glimpses of their journeys together during a moment in time. Because authentic relationships are something we choose to recommit to every day, they are not to be taken for granted. Like a diamond, each is one of a kind, hard to find, and inherently precious.



Image from the DPA's 'Real is Rare' campaign.

FEMININITY REDEFINED CONTINUED

A key aspect in this redefining of femininity – based on inner growth rather than external display – is finding role models who best embody it (Fig. 23).

Women actively want role models. They believe in the value the right role models give them, from their early formative years through to later life, when they continue to look for them in films and TV.²⁴

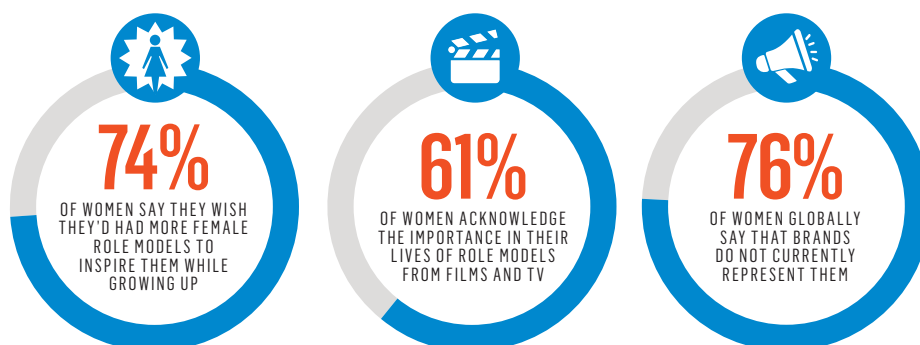
Currently, however, brands are falling short of women's expectations. Three-quarters say that brands don't represent them.²⁵

This weakens the competitive position of brands – their bonds with consumers can easily be broken, causing them to lose customers.

But it could also be a great opportunity for those brands that find the right approach, as well as the role models who best embody the features of the new femininity and its ways of defining female success.

There are already good examples in the diamond category of brands using role models effectively to build emotional connections with female consumers (see Tiffany & Co and De Beers Diamond Jewellers case studies).

FIG. 23: THE IMPORTANCE OF ROLE MODELS

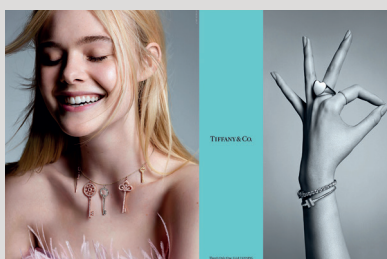


Source: JWT Women's Index Study, 2015; The Power of 21st Century Woman, Charlotte Wooding, Luxury Society, July 2017.

CASE STUDY: TIFFANY & CO – CELEBRATING INDIVIDUALITY AND SELF-EXPRESSION

In its autumn 2017 advertising campaign, 'There's Only One', Tiffany & Co celebrates the power of individuality and self-expression.

The campaign brings together six personalities from the areas of dance, music and performance, each chosen for her singular style, personal strength and imaginative vision to showcase Tiffany jewellery. Some of the faces of the campaign are actresses Elle Fanning and Zoë Kravitz, Oscar-nominated actress Janelle Monáe and supermodel Cameron Russell.



Actress, Elle Fanning, for the 'There's only one' campaign.

CASE STUDY: DE BEERS DIAMOND JEWELLERS – CELEBRATING TALENTED WOMEN WORLDWIDE

De Beers Diamond Jewellers "Moments in Light" project is about celebrating talented women who in turn share their unique and inspiring stories with women across the world.

Photographed and filmed by Mary McCartney, iconic women such as the late Zaha Hadid, architect, model and actress Liya Kebede, musician Diana Krall, actress and singer Karen Mok, photographer Chen Man and artist Cornelia Parker among others, each woman revealed her personal "moment in light", the particular instant that energised her to succeed. The project raises funds enabling women from war-torn countries to learn skills to rebuild their lives and inspire others.



Architect, Zaha Hadid, for the 'Moments in Light' campaign.

CONCLUSION

For decades, diamonds have been marketed almost exclusively as gifts of love and symbols of marriage. While this universal and powerful motivation will remain the bedrock of the industry, new opportunities are clearly emerging as the position of women in society and the economy evolves.

The first of these opportunities lies with female self-purchase. This has experienced rapid growth as female spending power has increased, and it offers exciting potential for well positioned products.

Self-purchasers are mainly married women, are generally over the age of 35 and have medium to high income levels. While different approaches will be required in different countries – as motivations to buy and preferred jewellery types vary across the key diamond-buying markets – retailers who are able to encourage impulse buying through design, price or emotionally-driven marketing concepts will be likely to see success.

Second, retailers will have increasing opportunities to connect diamonds to a wider selection of life 'moments', as women have greater confidence to celebrate all the key occasions in their lives – not just those connected to their relationship. Success at work, memories of a happy holiday or simply 'just because' will become increasingly powerful reasons to buy.

Third, diamonds can symbolise a broader spectrum of emotions, and more can be made of the experience of acquisition, as the essence of womanhood is redefined. Alongside commitment and love, diamonds are being bought to represent emotions, such as optimism and pride. And providing younger consumers with more of an interactive buying experience, as well as a narrative they can share with friends, will bring further opportunities.

Fortunately, with a highly symbolic product that lends itself to individuality of both design and experience, the diamond sector is well placed to benefit from the changing face of the female consumer. But a collective effort from all parts of the value chain will be required to capitalise fully on the potential offered by the increasingly multifaceted modern woman.

END NOTES

1. Speaking at the Accessories Council's award ceremony when she received the ACE Media award on behalf of Marie Claire in 2016.
2. For a list of OECD countries, please refer to <http://www.oecd.org/about/membersandpartners/list-oecd-membercountries.htm>.
3. <http://www.pewsocialtrending.org/2015/03/19/comparing-millennials-to-other-generations>.
4. JWT Women's Index Study, 2015, covering 17 countries with a sample of 7,000 women.
5. OECD (2017), Adult education level (indicator), doi: 10.1787/36bce3fe-en (accessed on 21 July 2017).
6. JWT Women's Index Study 2015, covering 17 countries with a sample of 7,000 women.
7. De Beers-commissioned diamond purchasing study, India, 2014.
8. Elites in India are defined as consumers in socio-economic groups A and B who own a car costing more than US\$15,000, are members of a prestigious club or take holiday or business trips abroad annually.
9. Socio-economic classes A and B in India are defined as households where the main income earner has at least a university degree and is a business owner, professional, corporate manager or performs skilled labour.
10. Forevermark-commissioned qualitative research, 2016.
11. Female Tribes, J. Walter Thompson Company Initiative report, 2017, based on JWT Women's Index Study, 2015.
12. Millennials in Adulthood, Pew Research Center, March 2014.
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16. Urban World: The Global Consumers to Watch, McKinsey Global Institute, April 2016.
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19. http://marketingtowomenonline.typepad.com/blog/2006/05/why_women_buy_j.html.
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GLOSSARY

Definitions for terms and abbreviations used within this report can be found on our website:

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