

JEWELRY

Millennial attention will be vital for diamond industry's future: Bain

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Image courtesy of Graff Diamonds

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While 2015 boded well for the diamond industry, 2016 was not so favorable, as a 2 percent decline fell upon the industry's global revenue, according to Bain & Company.

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The firm's latest report showed that in 2015 diamond revenue grew 3 percent, whereas 2016 saw a 2 percent reduction in the United States as well as on a global level. Rough diamond sales fell almost 24 percent due to the decrease in cutting and polishing purchasing volumes.

"In 2015, the diamond jewelry and midstream segments showed relative stability, but the same cannot be said for rough-diamond producers, which experienced a double-digit revenue decline," said Olya Linde, partner at **Bain** and lead author of the report.

"Although demand for rough diamonds has rebounded so far in 2016, the holiday season will determine the retail and midstream segments' full-year performance," she said.

Diamond fluctuation

During 2015, the U.S. was the main driver of diamond sales revenue due to positive sales numbers from middle class consumers. However, the cutting and polishing market took a 2 percent dive this year on a global level.



Cartier Sky Blue Diamond

The drop was due to slow global demand in diamonds, keep retailer's inventory full. In the near future, the sector could pull through if it combats a few set backs along the way.

For instance, slow consumption in China is a major pain point to look out for, along with the threat of counterfeit and synthetic products and secure financing is vital.

Japan and Europe did see positive numbers thanks to a decrease in tourist travel to China. However, strong growth in the U.S. dominated the sector, driving global markets into negative growth rates.

Millennials and spending

The growing support of millennial buyers will hopefully help usher in better numbers for the diamond industry. Research shows millennials are receptive to diamonds and purchasing, which supported by its similar size and spending levels to past generations, might prove to be significant.



Millennial's interests vary

But also, consumer sentiment for colored-gemstones such as rubies, emeralds and sapphires is on the rise, particularly with millennials, according to research by colored-gemstone miner Gemfields.

Founded in 2004, London-based Gemfields is the world's leading supplier of responsibly sourced colored-gemstones including rubies, emeralds and amethysts. As a supplier, Gemfields provides colored-stones to international jewelers such as Chopard and Bulgari, and is the outright owner of Faberge, dealings that place the brand at the epicenter of its market ([see more](#)).

These affluent millennials are also paving the way for a new way of earning, with less than half of the demographic completing post-graduate degrees compared to wealthy baby boomers.

While millionaires are much more likely to have higher level education degrees compared to the average American, millionaire boomers and gen-xers are much more likely to obtain higher degrees than affluent millennials. The younger generation sees greater opportunity to create their own businesses and working full-time, with about 90 percent of millennial millionaires working full-time in their own business ([see more](#)).

"As this new generation of consumers heads toward its prime spending years, the diamond industry needs to find ways to effectively engage with them now," Bain's Ms. Linde said.

"Smart producers and retailers are actively looking for ways to appeal to them," she said. "Those that don't will encounter yet another hurdle to overcome in an already-turbulent market."