

JEWELRY

Record-setting pearl sales expected to continue as industry sees revived interest

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Pearls have seen a recent resurgence in popularity

By JEN KING

Demand, the environment and escalations in the South China Sea have driven the market value of pearls up and pricing is expected to quickly outpace non-diamond gemstones as supplies become compromised.

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While still more affordable than diamonds, pearls have seen a resurgence in popularity thanks in part to changing tastes, the inclusion of pearls in 2017 runway presentations and the U.S. presidential campaign trail. As demand increases though, pearls are in jeopardy due to changing oceanic acidity and political tensions in Asia Pacific, where the world's most valuable pearls are harvested.

"We're seeing younger generations gravitate toward pearls," said Leon Rbibo, president of [The Pearl Source](#), an online retailer of pearls with sales hitting \$10 million per year. "Allure magazine put it nicely when it said we are in the middle of a pearl renaissance."

"Everyone from Kim Kardashian and Lupita N'yongo to Kris Jenner, Caitlyn Jenner, Ellen DeGeneres, Hillary Clinton and Michelle Obama are sporting the pearl look," he said. "And while 2015 was a record year for pearl sales - up 369 percent to be exact - it looks as though 2016 may have set the bar even higher. Expect that trend to continue."

In this Q&A, Mr. Rbibo touches on consumer interest and market demand, if pearls will overtake diamonds as millennials' go-to gemstone and how regional conflicts may impact the pearl industry.

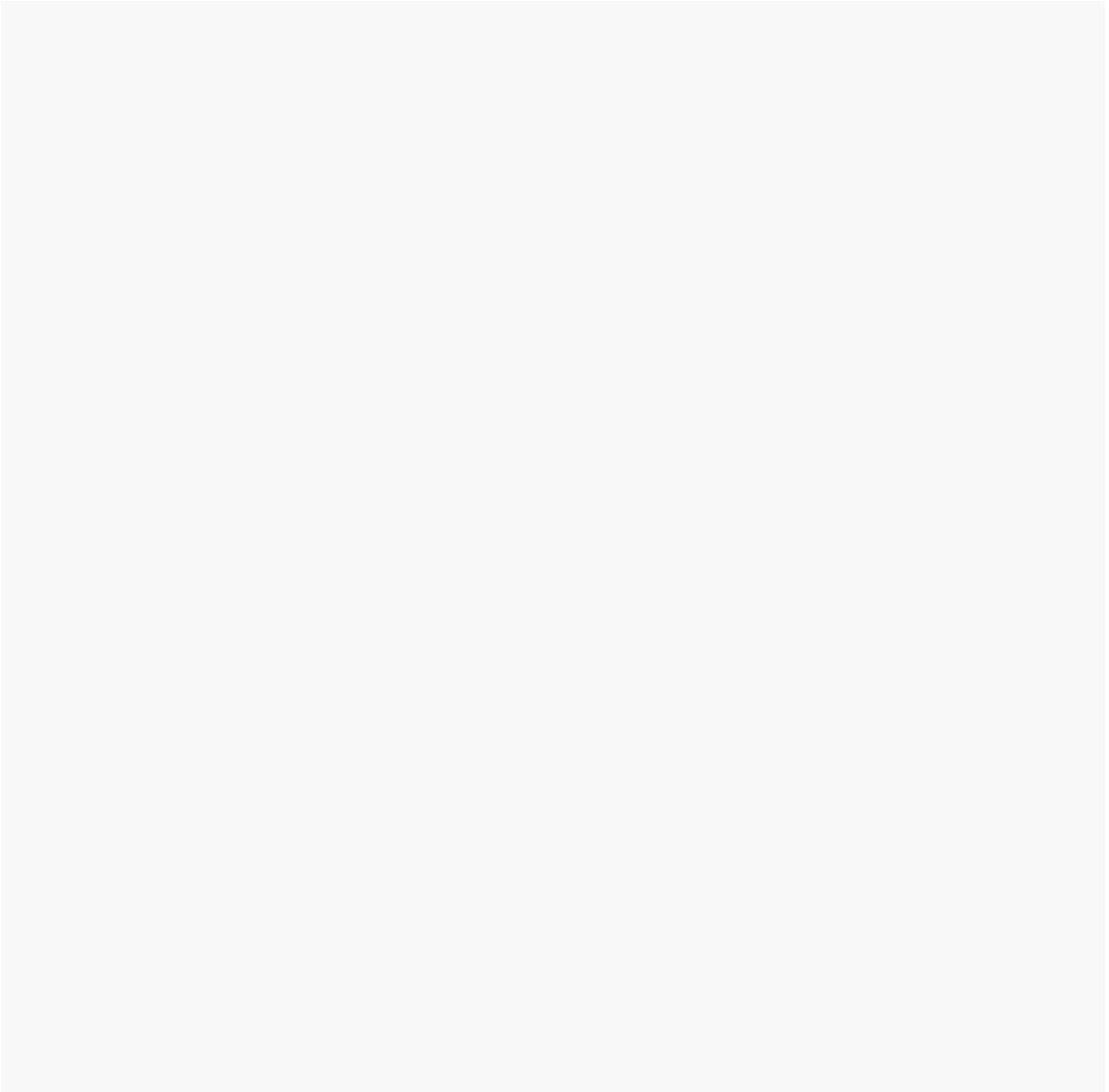
Here is the dialogue:

What is the cause of the resurgence in pearls?

With designers such as Dior and Chanel featuring pearl jewelry as a main attraction on the runway for fall/winter 2017, the buzz surrounding pearls has been on the rise.

In addition, pearls seem to be making a big comeback in the Hollywood scene. The recent emergence of movies such as "Jackie," focusing on Jackie Kennedy who was well known for her love of pearls, as well as the TV series "The Crown," often featuring royalty wearing the timeless gem, all have played a role in the recent resurgence of

pearls.



On the morning of her wedding - November 20th, 1947 - Elizabeth's tiara snapped and required emergency repair. The court jeweller made haste to Buckingham Palace, accompanied by a police escort, to repair it. #TheCrown

A photo posted by The Crown (@thecrownnetflix) on Nov 21, 2016 at 12:55pm PST

Compared to gemstones or diamonds, are consumers now more interested in pearls because of pricing? Consumers these days are always looking to get the most bang for their buck.

In addition, the willingness of people to spend a lot on jewelry is not as high as it once was. Pearls, being the versatile gem that they are, range in price vastly. The affordability of pearls plays a huge role in their recent popularity.

Millennials are not as interested in diamonds as prior generations were do you feel that pearls could fill this void in the jewelry market?

In the past few years we have seen innovative and fashionably updated pearl jewelry designs hit the market. This combination of fresh designs at affordable prices can absolutely fill the void in the jewelry market.

Millennials seem to have caught onto the diamond "game".

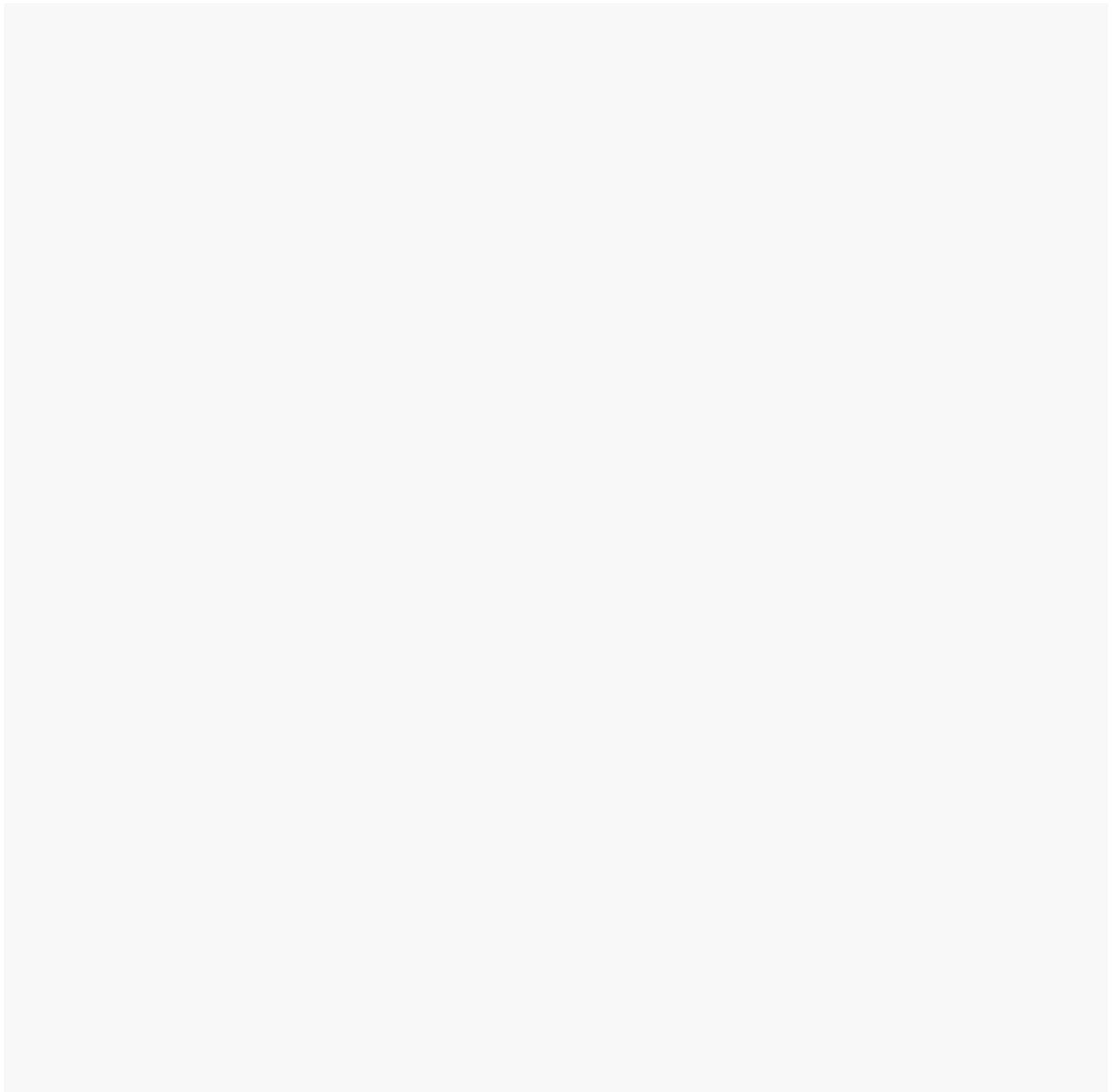
They realize that the diamond market is artificial that most diamonds are typically very expensive simply because the powers that be control how much product heads to market. By limiting supply, you create the illusion of rarity and luxury.

But millennials are very much in tune with this, and that is probably why they are not as likely to purchase this gemstone.

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And while 2015 was a record year for pearl sales up 369 percent to be exact it looks as though 2016 may have set the bar even higher. Expect that trend to continue.



That moment when the man with the golden statue makes you feel like an award yourself! A hearty congratulations to Mr. #JKSimmons for the recognition he has received for his work in #Whiplash. Best Supporting Actor #Oscars 2015 @theacademy.

A photo posted by Lupita Nyong'o (@lupitanyongo) on Feb 23, 2015 at 9:08pm PST

Can you speak to the difference between synthetic and natural pearls how does the synthetic trend fall into consumers' interest in sustainability and ethical practices?

If synthetic pearls are trending in fashion, then people with the means will naturally go looking for natural pearls. It's really as simple as that. People want something different, to stand out from the crowd.

But natural pearls are a natural part of the ecosystem; the extraction of these jewels typically does not negatively impact the environment. As a result, these gems appeal to any and all consumers.

That said, natural, high-quality pearls are increasing in price because the "perfect storm" is happening right now.

Escalations in the South China Sea: Some of the world's most-valuable and high-quality pearls come from this region, and unfortunately things are very tense there.

The main players China, the Philippines, the United States, Vietnam and Malaysia have conflicting views on to whom that territory belongs, and that equals bad news for trade/importing.

Although geopolitical conflict is bad for any business, the fact that pearls are sourced from different regions means that though there may be conflict in one source, the industry as a whole will not be affected.

The environment: Natural, high-quality pearls are becoming scarcer on the market. Oceans that are growing increasingly acidic are making it very difficult to cultivate high-quality gemstones.

Put simply, oyster/pearl farms are not producing what they used to, putting a premium on the good stuff.



Demand: The gemstone has never been more popular in the fashion world. Celebrities are using pearls to build new, edgier looks using different colors and shades: white, black, pink, peach, green, gold and peacock.

What market is seeing the most interest in pearls?

Although there has been rising interest in the U.S. market, the love for pearls will always be prevalent in Asian countries. These countries have treasured pearls for centuries, and will most likely continue to do so for centuries to come.

The Middle East has also become a flourishing market for pearls but for extremely high-end pieces that go for anywhere from tens of thousands of dollars up to a few million.

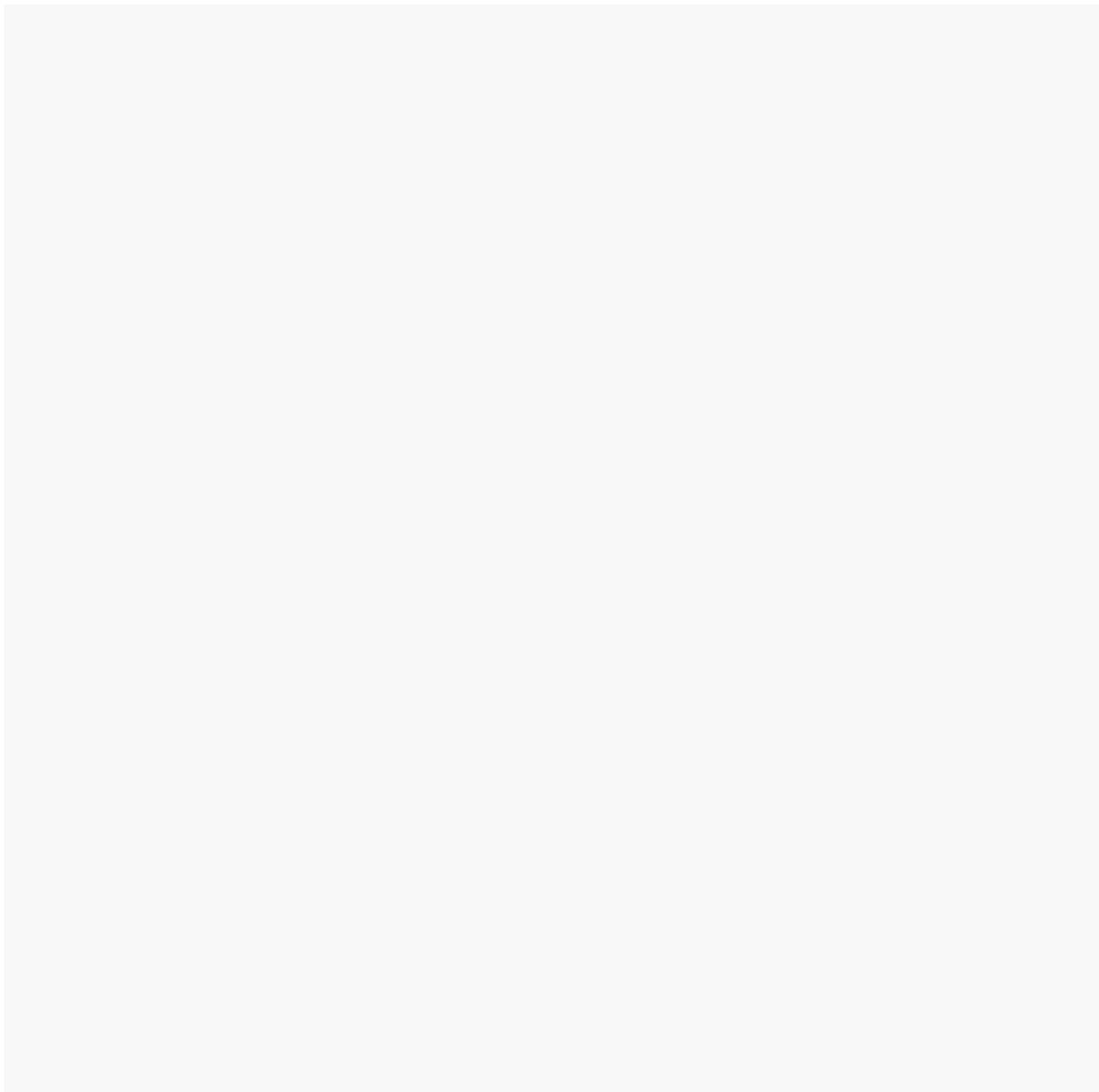
Pearl potential

Jewelers specializing in pearls have responded to millennial interest and changing perceptions through marketing campaigns that speak to versatility.

For example, Japanese jeweler Mikimoto set out to prove that pearls can defy convention with a digital campaign.

"Explore the Original" looked to show that pearls can pair with more than conservative attire, profiling three women who have an edge. Mikimoto has been working to change the perceived stuffiness of pearls, whether bringing them

into women's everyday wardrobes or highlighting their appeal for the modern woman ([see story](#)).



Cultured pearls come in a range of qualities, yet only the best pearls in the world are destined to become #Mikimoto gems.

A photo posted by Mikimoto (@official_mikimoto) on Jan 16, 2017 at 9:26am PST

French fashion house Chanel has also incorporated pearls into its jewelry lines to embrace contrast for a modern yet timeless aesthetic.

Marrying pearls with resin pieces are considered by Chanel to be "beautiful and practical" as well as "styl[ish] and comfort[able]," a design concept that has allowed consumers to choose "and" instead of "or" ([see story](#)).