

JEWELRY

New De Beers release details waning diamond demand in China

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The top luxury market seems to be giving brands difficulties when it comes to gaining a foothold. Image courtesy of Sotheby's

By ZACH JAMES

Diamond company De Beers is breaking down the business challenges and opportunities found within China's market last year.

According to "[The Diamond Insight Report 2023: China](#)," the jewelry industry is in the midst of a downturn caused by the COVID-19 pandemic, a tide that is slowly shifting back to the metrics seen before country-wide closures and shutdowns. Despite this, there are actionable points of interest that De Beers spotlights for brands seeking to gain a foothold in the nation.

"De Beers Diamond Insight Reports draw on our unique understanding of diamonds, developed over our long history, and there is no country where history has moved as fast as China," said Al Cook, CEO of De Beers Group, in a statement.

"From being a relatively small player on the world diamond stage at the end of the last century, China now represents the largest market for diamond jewelry outside the United States," Mr. Cook said. "So, our aim for this, our tenth Diamond Insight Report, is to focus on China.

"We aim to look at its development, to cut through short-term volatility, to understand evolving customer desire for jewelry and to identify opportunities for the future."

The report draws on a variety of sources, from public government data to internally produced surveys, scholarly statistics and commissioned studies, among others.

Declining market

As closures rescind ([see story](#)) and domestic travel returns ([see story](#)), signs could point to a rebound in the jewelry industry after an overall plunge in industry performance was compounded by COVID-19.

While China surged into the second place spot for global diamond consumption in 2022, peaking at 13.4 percent of the total worldwide demand in 2014, its metrics have been falling since 2019.

In the year before the pandemic, China was responsible for 12.6 percent of the universal sum, thus beginning a decline that continued into 2022 and was only exacerbated by the country-wide shutdowns. In the same period, the

compound annual growth rate in the market fell by 4 percent between 2019 and 2022 after remaining completely steady from 2014 to 2019.



The pandemic caused a massive progression in the already declining market. Image credit: De Beers

China seems to be in the middle of a plateauing demand curve, displayed by the country making up 10.5 percent of the total global demand last year.

"The Chinese consumer market for diamonds is a fascinating one," said Mr. Cook, in a statement.

"The diamond industry in China is undoubtedly experiencing a challenging period right now," he said. "Last year, the impact of the COVID-19 pandemic saw a decline in consumer demand for diamond jewelry, and the post-pandemic recovery has been sluggish a difficult economic landscape and softer consumer confidence have limited sales growth.

"However, as lockdowns begin to move into history, it's an opportune time to explore the market in-depth."



Despite an overall decline in the Chinese public's interest in diamond jewelry, there are signs of a rebound. Image credit: De Beers

According to a survey De Beers conducted in 2023, among Chinese women aged between 18 and 54, a gift containing natural diamond jewelry ranked as the third most-desired present, with jewelry containing lab-grown gems coming in 20th place the last one listed. This could point to a recovery in the region.

As women across all generations expect to acquire diamond jewelry in 2023 and average annual household incomes are rising by a near-constant 4.5 percent each year including projections to 2030 the market is poised to begin buying again.

Of the significant market players in China, millennials are leading the charge, with more than half purchasing diamond jewelry for engagements, anniversaries and weddings. A third of Gen Z's gem buys are also triggered by significant life events, such as birthdays.



In contrast to De Beers' projections, marriage registrations are falling steeply each year. Image credit: De Beers

With the number of marriage registrations in the country in 2022 nearly halved from its peak in 2013, catering to Gen Z consumers celebrating milestones outside of engagements might be key to jewelry brands regaining a foothold in China post-pandemic.

Pushing forward

Despite the future of the Chinese diamond jewelry market being in question, luxury labels have been apt to further expand into the region in varying ways.

Some have taken the traditional route, opening new boutiques in major cities Swiss jeweler Chopard cut the ribbon on its fifth retail center in the city in July 2023 ([see story](#)). In June of this year, U.S. jeweler Harry Winston unveiled its seventh Chinese salon in Nanjing ([see story](#)), bolstering its presence.



Appealing to younger consumers in China could be the key to a region-wide rebound. Image credit: De Beers

In a different approach, Roman jeweler Bulgari partnered with the Chinese mobile game "Honor of Kings" to create a cosmetic option for one of the application's playable characters ([see story](#)). The game is incredibly popular around the world, but particularly so in its home country.

According to [Games Industry.biz](#), the Chinese gaming market is the largest in the world, accounting for \$45.5 billion in revenue in 2022; it is expected to grow to \$57 billion in the next four years. It accounts for just under 32 percent of the world's overall game-generated revenue because of an estimated population of 730 million gamers.

For an industry that skews younger in its customer base in league with those most likely to purchase jewelry video games, a notably online pursuit, could be a potentially lucrative mind-share investment for maisons to take advantage of in the future.

Capturing the story of our partnership with [#HonorOfKing](#) an innovative mobile game a new documentary will take you on a dazzling journey. <https://t.co/gIWlJY9k4>

[#BulgariXHonorOfKings](#) pic.twitter.com/PiVkuOIMUx

Bulgari (@Bulgariofficial) July 10, 2023

"We live in a time where people choose to share their lives with the world on social platforms, often daily this is particularly true for the younger generation," said David Kellie, CEO of the Natural Diamond Council, in a statement.

"Chinese people love to wear their natural diamond jewelry and display it with stylish outfit content across their social platforms," Mr. Kellie said. "The meaning of a natural diamond has also evolved alongside the taste and style of the luxury consumer, who seeks both knowledge of and pride in what they own and wear.

"The days of keeping diamond jewelry in a safe are long over."

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