

JEWELRY

Big-brand control, synthetic diamonds bedevil jewelry business

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Jeweler who gets it right: Lessons at Van Cleef & Arpels' L'Ecoles des Arts Joailliers. Image credit: Van Cleef & Arpels' L'Ecoles des Arts Joailliers

By AN AMERICAN MARKETER COLUMNIST

By Raymond Hakimi

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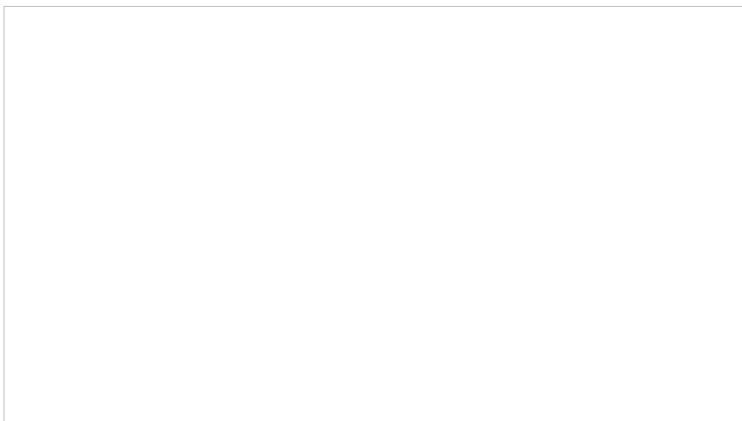
Everyone in the jewelry industry knows that business is tough now. People are struggling to pay their bills, nothing is selling, and inventory is lying around.

The luxury and fine jewelry industry is in serious trouble. Luxury jewelry houses are desperately coming up with ways to make a buck. Here I will talk about what these jewelry and watch companies are doing to persuade people to continue to buy their luxury goods.

Labeling it so

Many companies are thinking outside the box to market their brands, such as Patek Philippe that presented notable timepieces that were showcased at Cipriani for its "Art of Watches Grand Exhibition New York."

Other jewelers such as Van Cleef & Arpels have set up a school called the L'Ecoles des Arts Joailliers (The School of Jewelry Arts). Van Cleef & Arpels wants to give the public an opportunity to learn the secrets of the jewelry world and watchmaking.



Classroom at Van Cleef & Arpels' L'Ecoles des Arts Joailliers. Image credit: Van Cleef & Arpels' L'Ecoles des Arts Joailliers

A fine piece of jewelry or timepiece is a work of art that we wear rather than what someone puts on his or her wall. The problem today is big corporations monopolize the jewelry industry and there is no creativity or innovation from young designers in comparison to the contemporary art market.

Celebrities and high-net-worth individuals decide one day that they want to go into the jewelry business and become a success within days or weeks. They have what others do not have disposable income. They are able to steal the spotlight from others and pay other "manufacturing companies" to do private labeling for them and put a stamp under their name and call themselves "the designer."

What needs to happen is to dismantle the monopolies that big jewelry companies have. There must be a fair and competitive market for all designers and fine jewelry companies to compete and get more consumers interested in buying jewelry.

There needs to be a jewelry incubator that will give talented designers an opportunity to have guidance, and investors who will help them grow.

There needs to be a licensing board that certifies individuals who are designers, just as licensing boards for doctors, lawyers and accountants.

You cannot call yourself an attorney and practice law if you have not gone to law school and passed the bar. But you can call yourself a designer without having gone to any school, apprenticed under any company or know one thing about jewelry.

Jewelry companies need to be honest and tell the truth to their customers. These fine jewelry companies should not be taking credit for someone else's work.

To market, designers are coming up with new and fresh designs that have never been seen before. We continue to see big branded names, celebrities and household names being distributed in all places such as bricks-and-mortar stores and online platforms.

Young designers do not have access to million-dollar investments or bank accounts to invest in their collections. They are left with a small collection that potentially will not sell.

Other facets of diamonds

The other issue is synthetic diamonds. There is an uncertainty in the market as to what will happen in the future regarding the diamond business.

The diamond business is made up of diamond dealers, middlemen, brokers and wholesalers. What many diamond dealers worry about every single day is what will their diamonds be worth tomorrow? Will they be able to sell it for a profit the next day, year or decade?

The diamond pipeline which starts from the production with mining and sorting goes to the rough-diamond buyer and trader, then goes to the diamond cutter who polishes it. Then it goes to the jewelry manufacturer, then to the diamond broker, or diamond wholesaler who all buy the polished stone after it has been cut and then it finally ends up in the hands of a retail store, which then sells it to the consumer.

This involves several stages of processing and a variety of transactions where each person is making a profit from this diamond pipeline. What happens when the consumer decides he or she wants to buy the synthetic diamond that is produced in an artificial process instead of real diamonds that are created by a geological process?

There is no diamond pipeline for the synthetic diamonds. They display the same chemical composition, crystal structure, optical and physical properties as diamonds. Gemologists cannot even tell the difference, plus they cost 30 percent less than natural diamonds.

In addition, consumers are vulnerable to false grading, in which a stone's true grade is not reflected in the report and false certificates.

Diamonds are also used by criminal and terrorist organizations where thieves and drug dealers use these stones to engage in money laundering. These criminal organizations are either stealing from retail stores or they sell diamonds to retail stores to continue to fund their criminal activities.

Why should a consumer not buy a synthetic diamond which is not a blood diamond or gone into the hands of an organized crime organization or something that does not pollute the environment?

The jewelry industry has many issues. Help is needed at all levels. There should be an organization that watches and prevent consumers from being taken advantage of, such as the Securities and Exchange Commission or internal affairs within the trade body.

Consumers want more transparency. They want to know where their diamonds are coming from, how their jewelry is made, is their gold ethically sourced and so on.

Consumers will not buy something if they are being constantly lied to and cheated.

L'École des Arts Joailliers (The School of Jewelry Arts) on its fifth birthday in February 2017

THE JEWELRY INDUSTRY needs to do something before people stop buying jewelry. They must take responsibility for what they are making and be honest to their consumers.

There are only a handful of young people today who want to continue their family legacy jewelers.

The jewelry industry does not have a bright future for young people. I hope to see change in the near future, and that one day the jewelry business will thrive again

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I thought on “Big-brand control, synthetic diamonds bedevil jewelry business”

1.  Mark J. Snyder says:

April 17, 2018 at 10:32 am

Big and small jewelry companies must focus on what the consumer is attracted to these days. Unfortunately, the fat cats are trying to please shareholders more than consumers and the small players are doing a great job especially with color only to find it difficult to compete. Swarovski, Pandora, Yurman and Sabo and have their challenges, but, offer price points, quality and design that are very attractive to today's cash strapped consumers. Here's where man made diamonds come into play where price points and reputation are attractive and will get more attractive as growing technology improves.

Of course reputation is a key element somehow driving some profit back into communities while also finding ways to dazzle consumers with design. Swarovski seems to be effective at tackling all of these elements while not roosting about it as they see these elements as just the way it should be based on their culture and family values.

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