



Press Release

BRILLIANT UNDER PRESSURE: GLOBAL DIAMOND MARKET SHOWS RESILIENCE IN AN UNPRECEDENTED YEAR

The diamond industry suffered during the Covid-19 crisis but fared better than the personal luxury market overall; sector is poised to return to growth in 2021

Moscow/Antwerp – 8 February 2021 – While the diamond industry suffered during the Covid-19 crisis, it still managed to keep its sparkle. Lockdowns, travel restrictions and economic uncertainty pushed diamond jewelry sales down by 15 percent in 2020 with most of the decline happening in the first and second quarters. But faced with store closures, diamond retail sales pivoted online, and benefited from consumers who could not spend on travel or experiences choosing diamond jewelry instead. Demand returned during the fourth quarter, culminating in a strong holiday season across the globe.

The industry proved its resilience in the face of an economic downturn as consumers continue to see its value. The boost was driven by holiday jewelry sales, particularly in the US and China, which saw a 5–10 percent and 15 percent –20 percent rise in the fourth quarter, respectively, year-on-year. Diamond jewelry is expected to perform better than the global personal luxury market in 2020, with only a 15 percent drop compared to a 22 percent decline in luxury.

Rough diamond production continued its downward trend, falling to 111 million carats. After peaking at 152 million carats in 2017, rough diamond production has declined by about 5 percent per year. In 2020, production decreased by 20 percent compared to 2019 levels. Notwithstanding changes, the mix of diamonds remained largely constant, with medium and large diamonds accounting for 25 percent of production volume in carats but around 70 to 80 percent in value in US dollars.

These are among the findings of Bain & Company and the Antwerp World Diamond Centre's (AWDC) [tenth annual Global Diamond Report 2020-2021](#), confirmed in Antwerp's 2020 performance. In the pandemic year, Antwerp remained fully operational throughout the crisis, 66 new companies were established as registered diamond companies and the hub hosted nearly a 100 rough tenders in the Antwerp square mile. Total rough imports (72.8 million carats), the lifeblood of the global diamond industry, only fell 1% year-on-year, and the total volume of traded goods clocked at 164.4 million carats or 85% of 2019, with a total value of US\$24.9 billion. In Q4, rough trade surged, jumping 23.3% in volume and 18.4% in value compared to Q4 2019. Polished trade followed suit with strong demand in major consumer markets throughout the holiday season and continuing in the first month of 2021 as figures for example show polished exports from Antwerp to important consumer markets such as China jumped 200%, to Hong Kong 70% and to the US 56% compared to pre-pandemic January 2020.

“In 2020 the diamond industry as a whole unexpectedly benefited as consumers unable to spend on experiences or travel used those funds for items such as diamonds, which are considered a tangible physical investment,” said Olya Linde, a partner in Bain & Company's Energy and Natural Resources practice. “Our research found that more than 75 percent of consumers intend to spend the same amount or more on diamond jewellery than before the crisis, indicating a strong, ongoing emotional connection with the diamond story.”

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Consumers continue to value diamond jewelry in key markets (US, India and China)

Consumers continue to value diamond jewelry as a desirable gift and a key element of marriage. In Bain's 2020 survey of customer sentiment, US consumers said jewelry and watches are among the top four gifts they would like to receive; consumers in China and India ranked them in the top two. In the US, China and India, 60 to 70 percent of respondents believe diamonds are an essential part of a marriage engagement.

Sustainability and social consumerism increasingly influenced diamond purchase decisions with social impact being the top sustainability concern for US consumers. In China and India, consumers care most about environmental preservation, conflict-free supply chains, and carbon footprint.

Online sales jumped but bricks-and-mortar remains important

Covid-19 accelerated the convergence of online and offline channels, forcing retailers to retool operations and reorient the customer engagement experience.

In 2020, up to ~20 percent of diamond retail sales occurred online (up from ~13 percent in 2019). Most consumers (70 percent) use digital tools to research and choose jewelry before they make in-store purchases. Since this trend is unlikely to fully reverse after the pandemic, retailers must invest in digital capabilities, delightful online shopping experiences and seamless omnichannel or phygital interactions.

Despite the increase in online sales and a strong preference for online research before making purchases, nearly all consumers (90 –95 percent) still prefer to buy diamonds in brick-and-

mortar stores and these continue to remain critical to retailers' omnichannel strategies. Consumers value the opportunity to see and touch jewelry, and they benefit from in-person advice and other personal services. The online share of diamond jewelry sales is still low compared to other luxury and consumer products

Flexibility helped the industry players weather the storm

When the Covid-19 crisis began in the first half of 2020, major mining companies cancelled sales and allowed clients to postpone purchases. This response helped midstream players weather the worst of the storm. However upstream inventories of rough diamonds grew to 65 million carats by the end of third quarter, before decreasing on the strength of the fourth quarter sales to 52 million carats, or +17 percent to end of 2019 inventory level.

Covid-19 prompted structural changes in the diamond industry that will help it recover from the recession. Because of the crisis, midstream inventories are at healthy levels and better aligned with consumer demand. There are more partnerships between upstream and midstream players in regard to technology, go-to-market strategies and marketing. A more transparent and digitally enabled supply chain was created in the rough and polished diamond segments, and we see innovative new approaches to customer engagement. Bain is optimistic these changes will help the industry emerge from the crisis in a stronger position.

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Diamond industry poised for rebound in 2021

The new year started on a strong trajectory and growing market confidence. Most miners reported ~5–8 percent improvement in rough diamond prices and sales in January, while additionally, major miners maintained a flexible sales policy which contributed to a strong start to 2021.

Bain perspective is that the Chinese diamond jewelry retail market will recover in early 2021, while other developed countries will reach pre-pandemic levels in 2022–23. Retail recovery in emerging countries will follow a year later.

There is still a lot of economic uncertainty ahead. The current crisis could be more severe than 2009, and a double-dip recession is possible. Full recovery and a return to historic growth trajectory isn't expected until 2022–24. Three factors will impact the pace and shape of the recovery: epidemiology, government policy response and consumer response.

Encouraged by the year-end performance, the long-term outlook for the diamond market remains positive. In volume terms, rough diamond supply growth is projected to be –2 percent or 2 percent annually. Following an accelerated short-term recovery growth, demand for rough diamonds is expected to fall back into its historic trajectory, growing at 1 percent to 3 percent annually.

“The diamond industry has shown remarkable agility in the face of a crisis and the pace of change has accelerated,” said Ari Epstein, CEO at AWDC. “Throughout the diamond value chain, players have adapted quickly and consumers of diamond jewelry have shown that they value the final product and are willing to invest in it, even in difficult times. We expect the industry to recover and emerge stronger from the storm.”

Download the full report [here](#).

The **Antwerp World Diamond Centre** (AWDC), coordinates and officially represents the Antwerp diamond industry, the global leader in the diamond trade. In this role, AWDC promotes the entire diamond industry at home and abroad. AWDC is also recognized internationally as the point of contact, spokesperson and intermediary for the entire Belgian diamond community.

86% of all rough diamonds and 50% of all polished diamonds pass through Antwerp. Diamonds represent 5% of the total Belgian exports and 15% of all Belgian exports outside the EU, making diamonds the most important export product outside the EU.

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