



# United States Diamond Jewelry Trade Sentiment Study

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World Diamond Council

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# United States Trade Sentiment Study of Diamond Jewelry



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# Background

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- The purpose of this study was to provide a gauge on the issues surrounding conflict diamonds among large jewelry retailers and the factors affecting sales of diamond jewelry.
- To accomplish this objective, a sample of independent/small chain and large entity jewelry retailers were contacted. The large entity retailers were recruited by WDC and include traditional jewelry retailers including high-end carriage trade, discount, department, internet and home shopping retailers. A substantial sample of small chain and independent jewelry retailers were developed from lists drawn from GfK Audits & Surveys' own 2003 National Retail Census, the American Gemological Society, the JA and other "list" sources regularly used by GfK Audits & Surveys.
- Most charts within this presentation are an aggregate of the large and small chain/independent study. In a few circumstances, slides from the separate studies are used to highlight key findings/trends.
  - Trend data has been included for independent/small chain retailers due to the availability of comparable historical surveys.
- The resulting sample comprised 302 independent and small chain jewelry retailers plus 16 large entity jewelry retailers and was weighted by diamond jewelry annual dollar sales from a secondary research source.

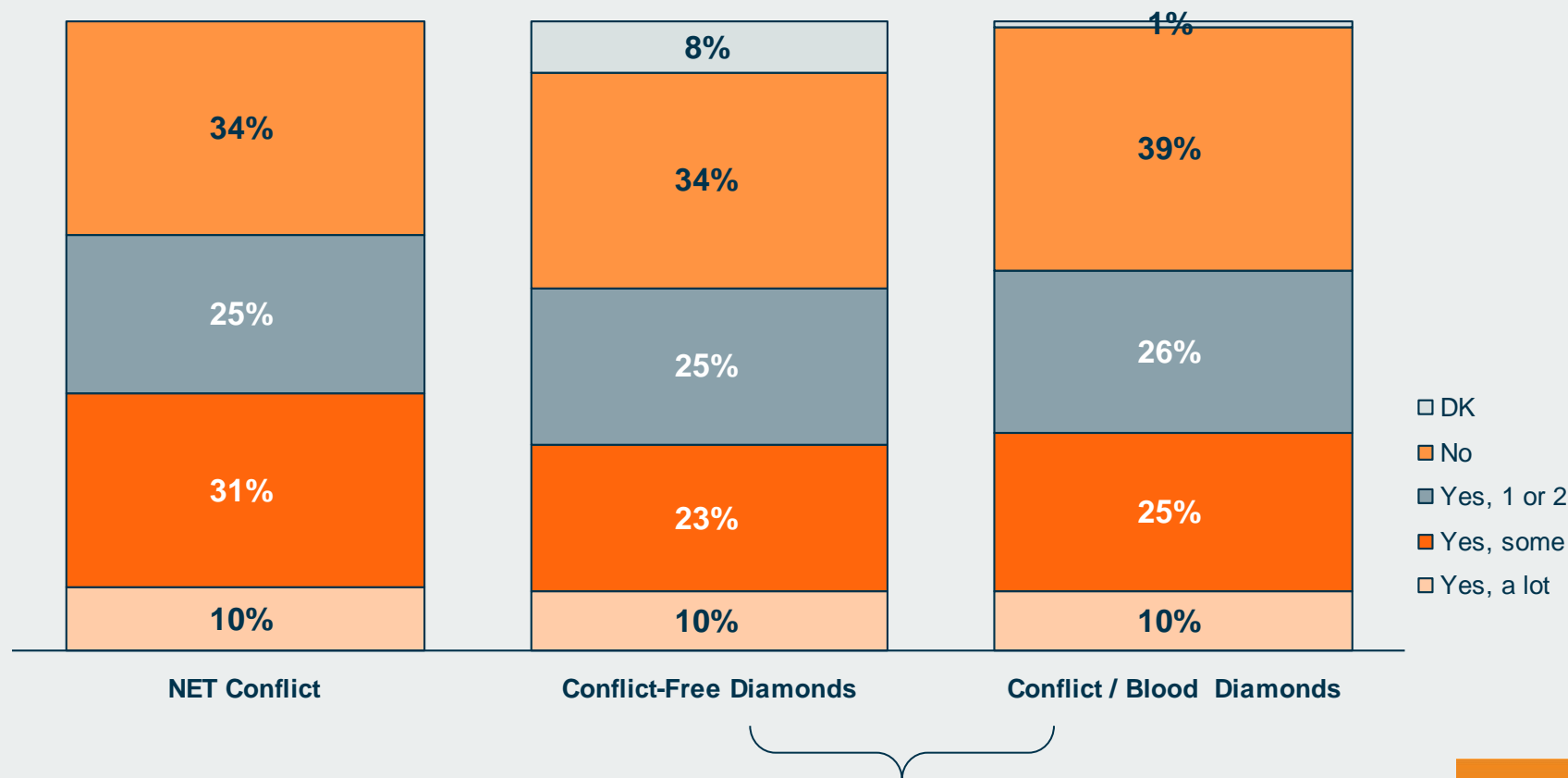
## Background *(continued)*

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- The sample was weighted using the following percentages of annual diamond jewelry dollar sales for each channel:
  - 55.4% Independent and small chain jewelry retailers
  - 30.8% Large chain jewelry retailers
  - 7.6% Department stores
  - 0.7% TV retailers
  - 5.5% Online retailers
- Interviewing was conducted using GfK Audit & Surveys' executive interviewers and GfK Audit & Surveys' CATI system at several of our TIS (Telephoning Interviewing Services) Group. These retailers were asked to answer a questionnaire regarding the issue of conflict diamonds along with other related questions.
  - GfK is an independent research company, specializing in all major retail categories.
- [From WDC -- This study covers a representative sample of 90% of the value sold by the major channels of retailers selling diamond jewelry -- excluding discounters. (Discounters represent less than 10% of the value of the market.) We specifically mention "major channels" as the study does not cover fringe retailers who do not predominantly sell diamond jewelry/fine jewelry, e.g. pawn shops, military bases, gift shops.]

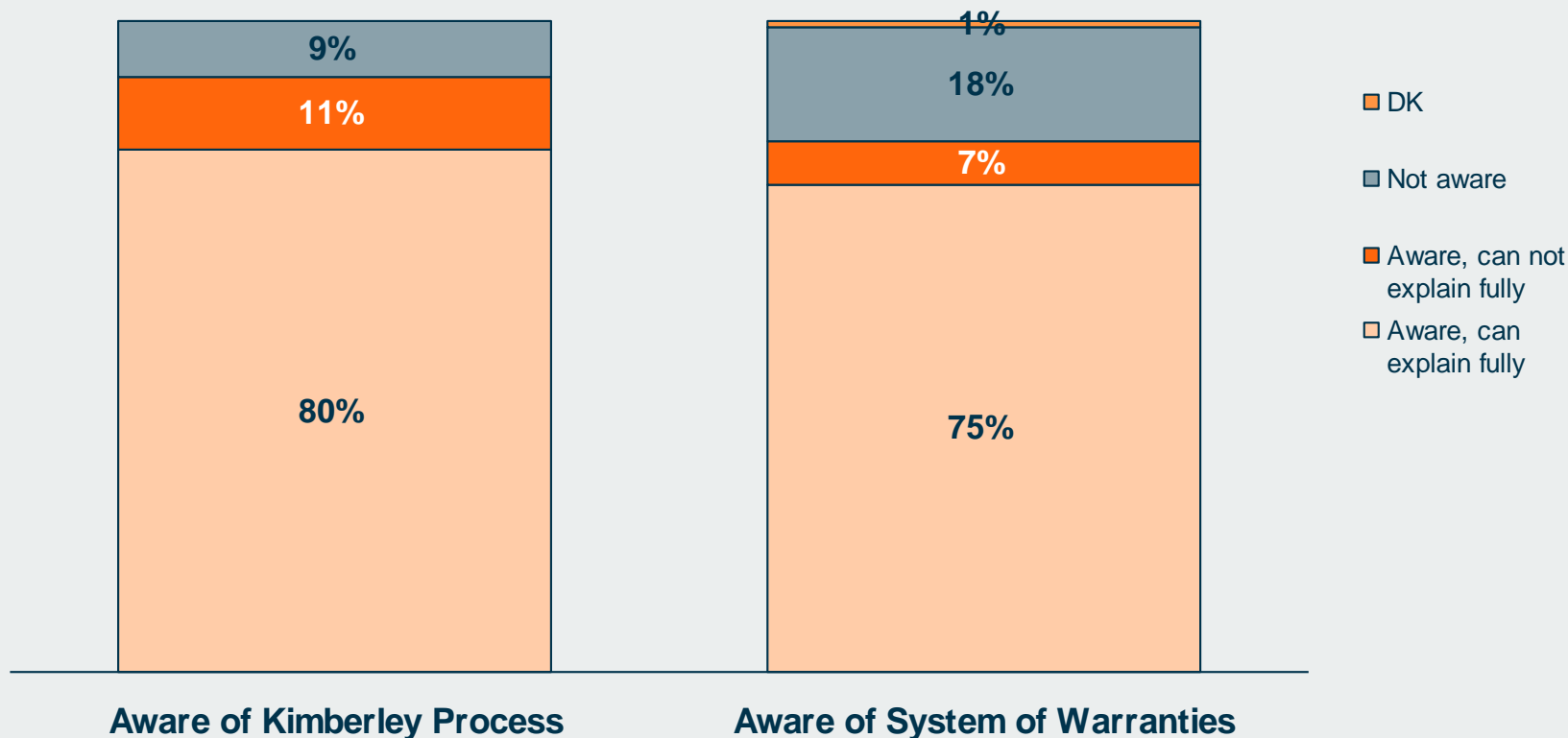
Two-thirds of jewelers surveyed had received at least some questions concerning conflict diamonds.

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Overall high awareness of industry safeguards which protect the legitimate supply of diamonds with four out of five retailers stating they felt confident in their ability to explain the Kimberley Process.

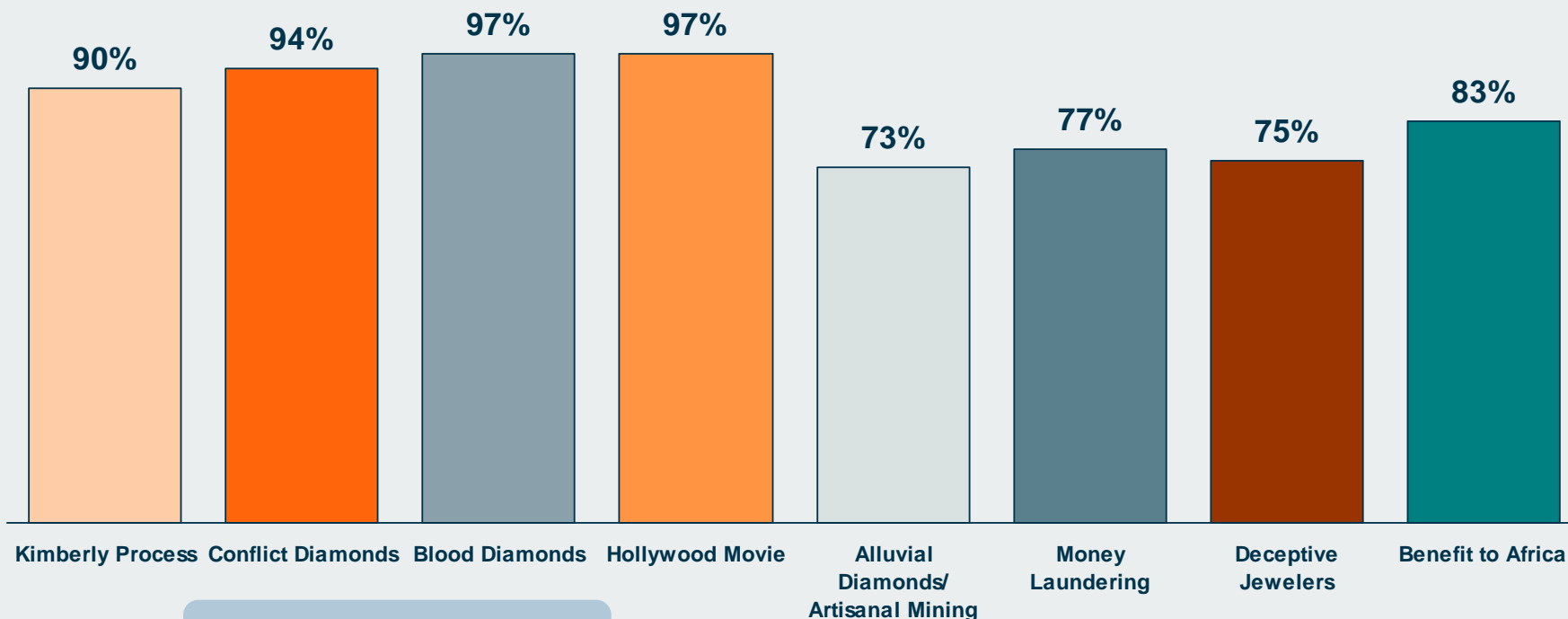
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# U.S. Retailers were aware of key issues affecting the diamond industry.

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*100% of Retailers Read or Heard About Any Issues*

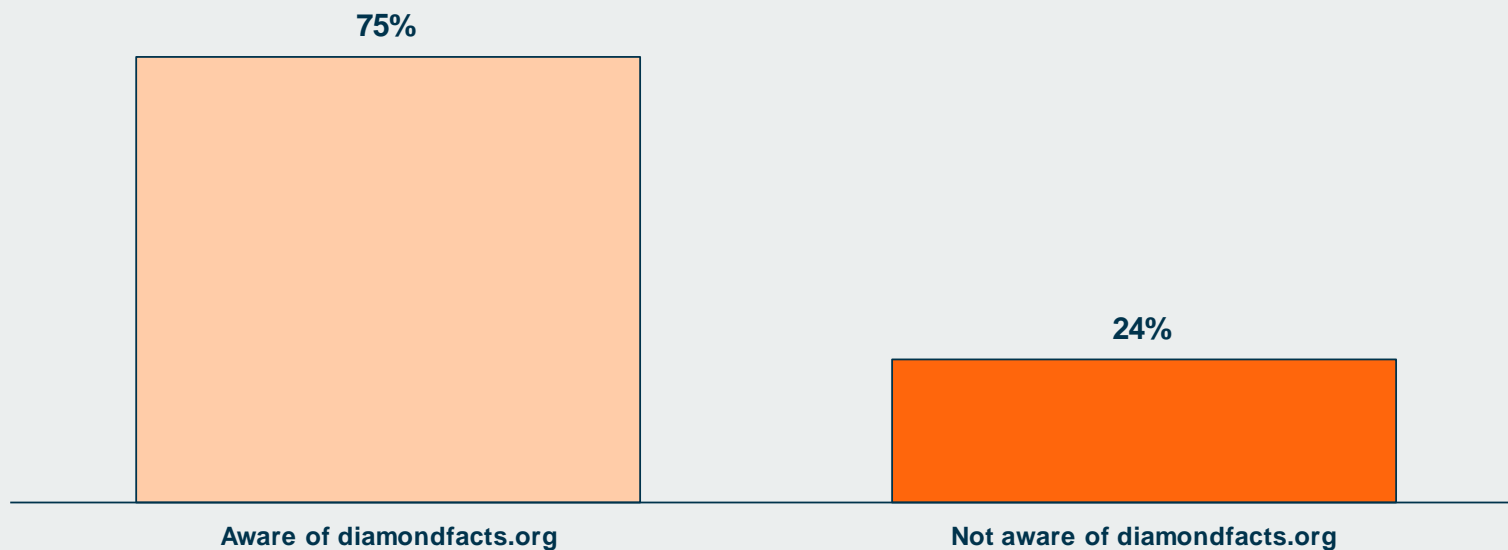


*99% Any Conflict/Blood  
Diamonds Issues*

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Three quarters of all retailers surveyed were aware of the informational website [www.diamondfacts.org](http://www.diamondfacts.org).

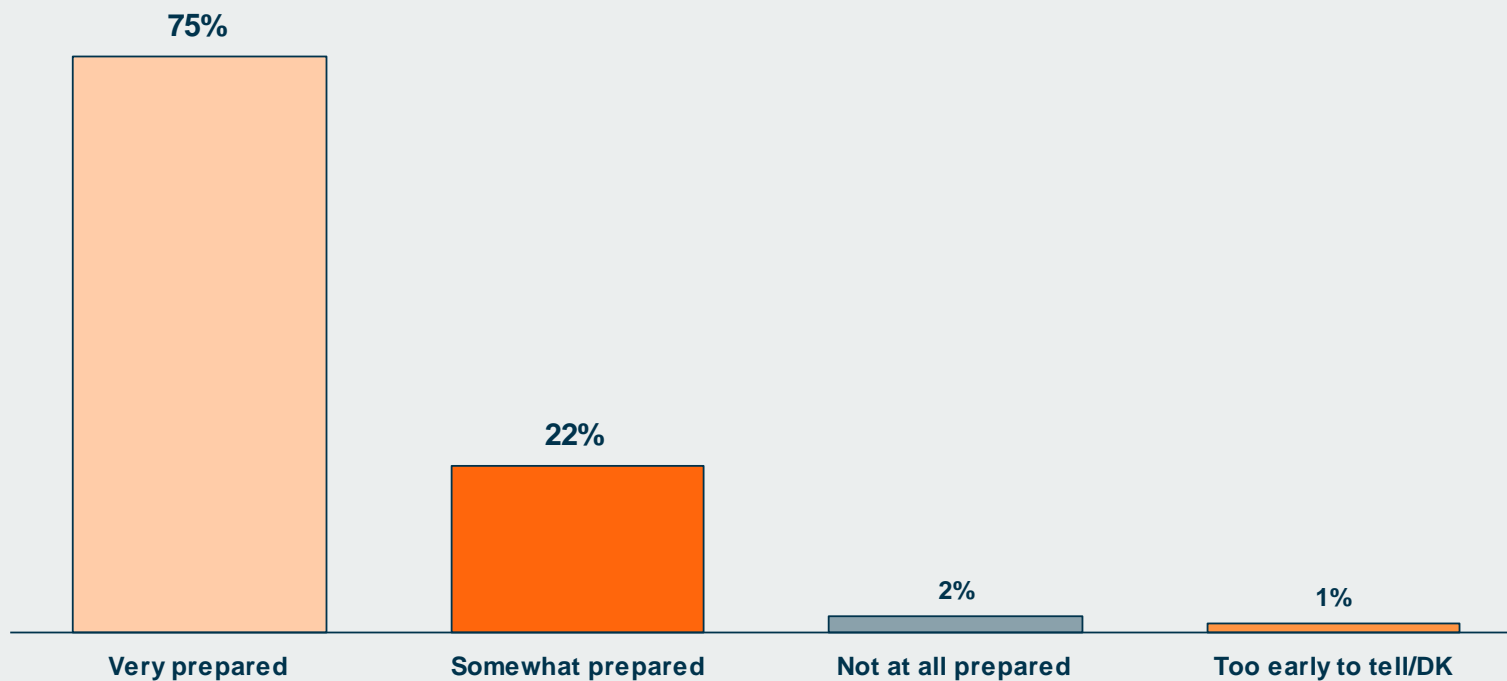
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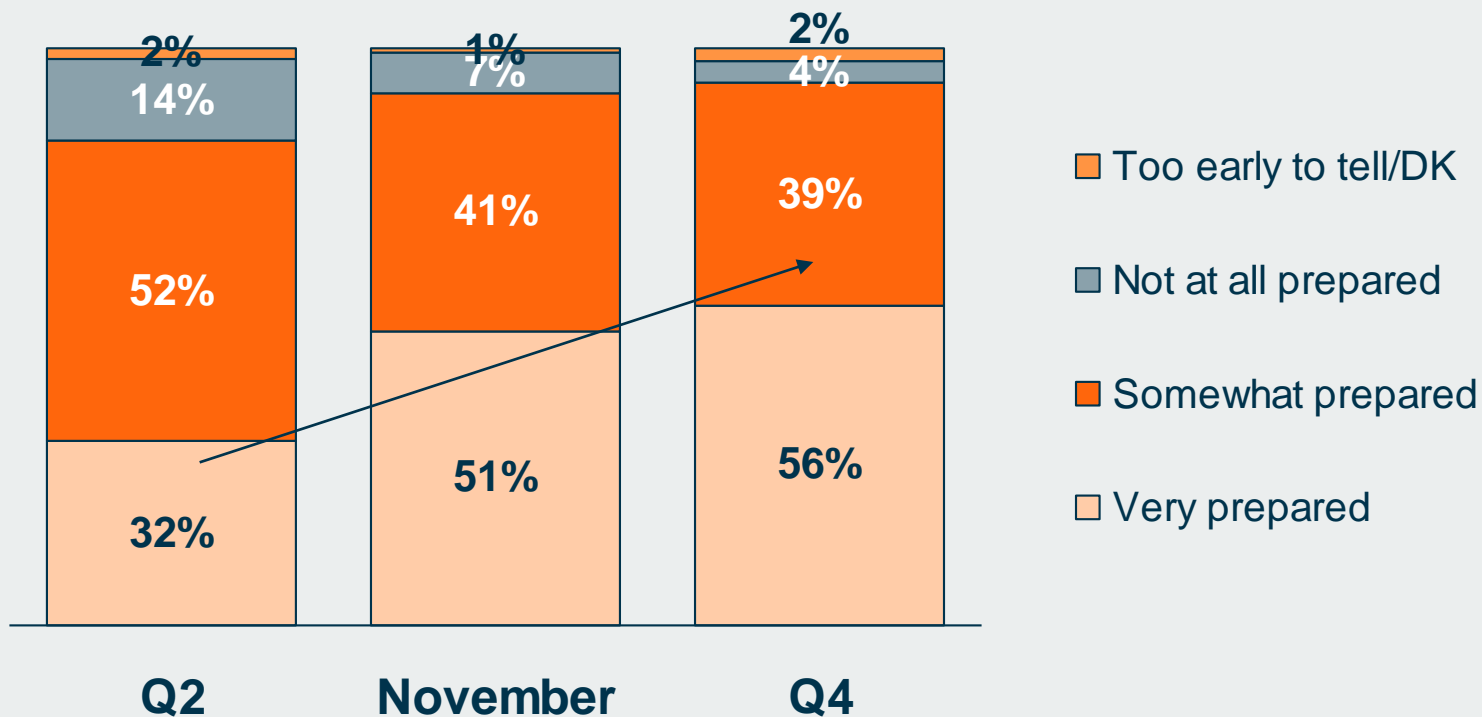
Nearly all retailers surveyed (97%) were very/somewhat prepared to answer conflict/blood diamond customer questions.

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As education efforts increased, the independent, small chain retail segment felt more prepared to answer conflict diamond questions.

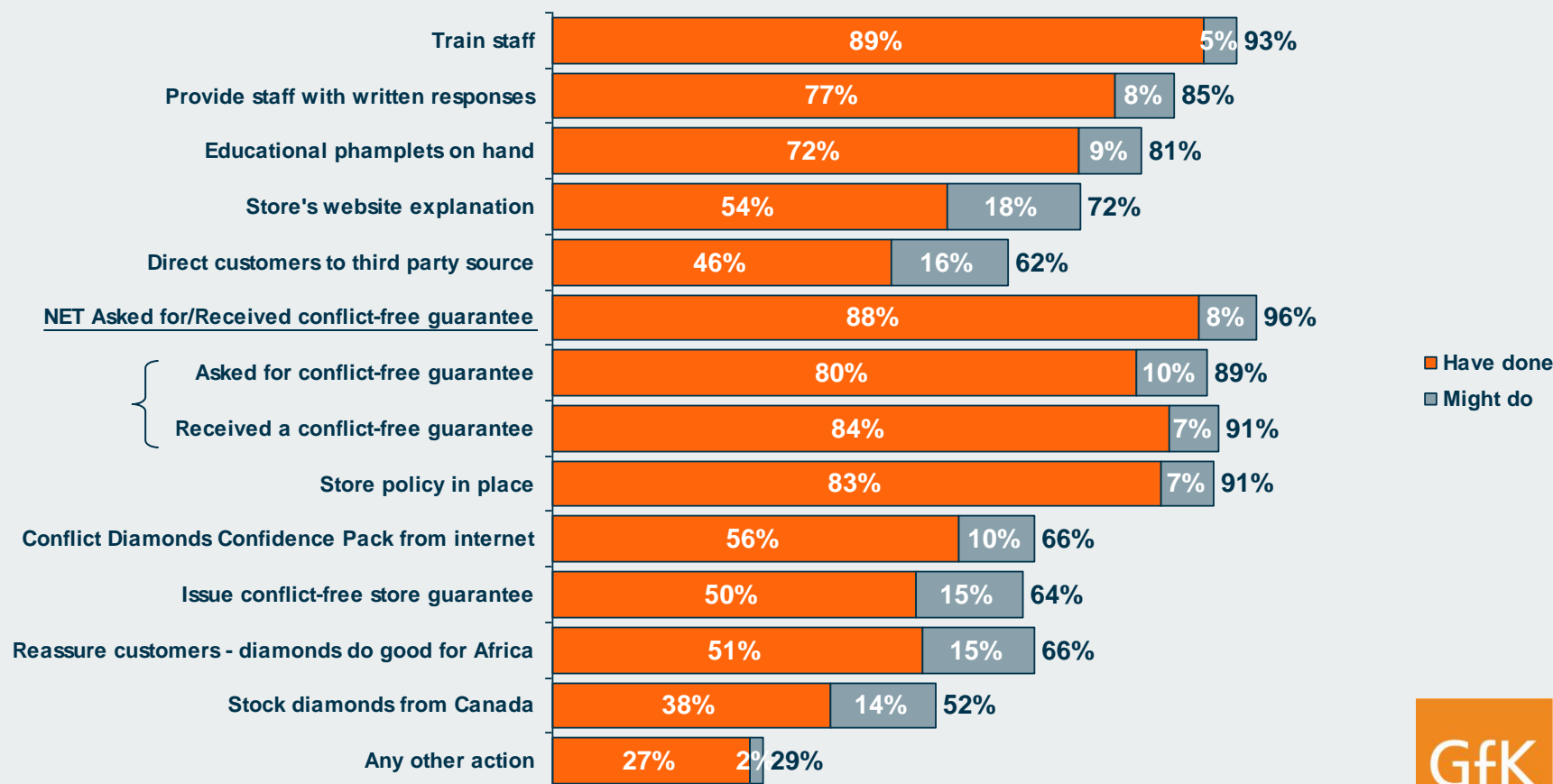
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U.S. Retailers have taken encouraging steps to educate staff and customers on conflict diamond issues and a full 88% have asked for or received guarantees from their suppliers that their diamonds are from sources free from conflict.

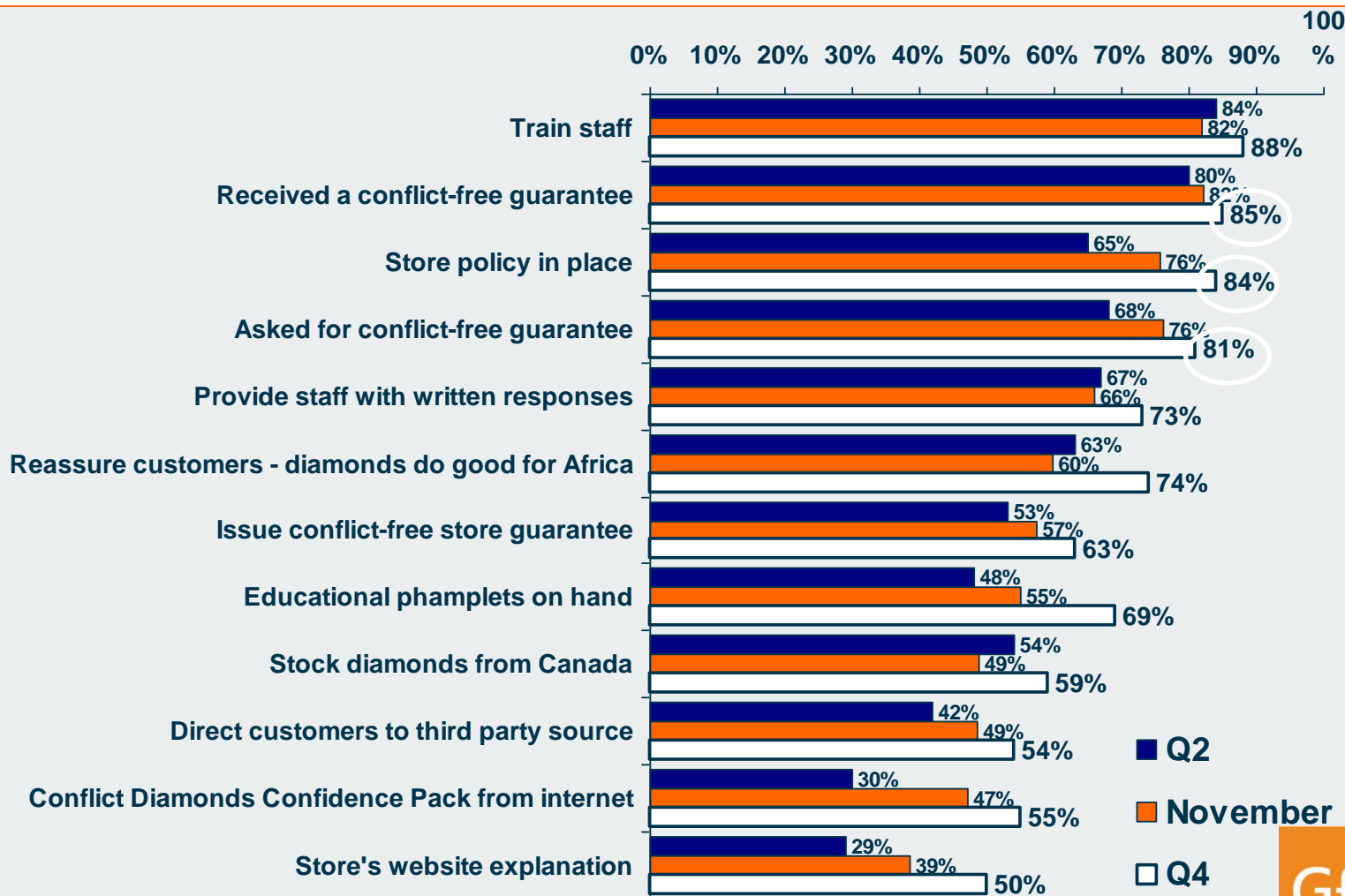
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### Base = 97% of Retailers Very/Somewhat Prepared



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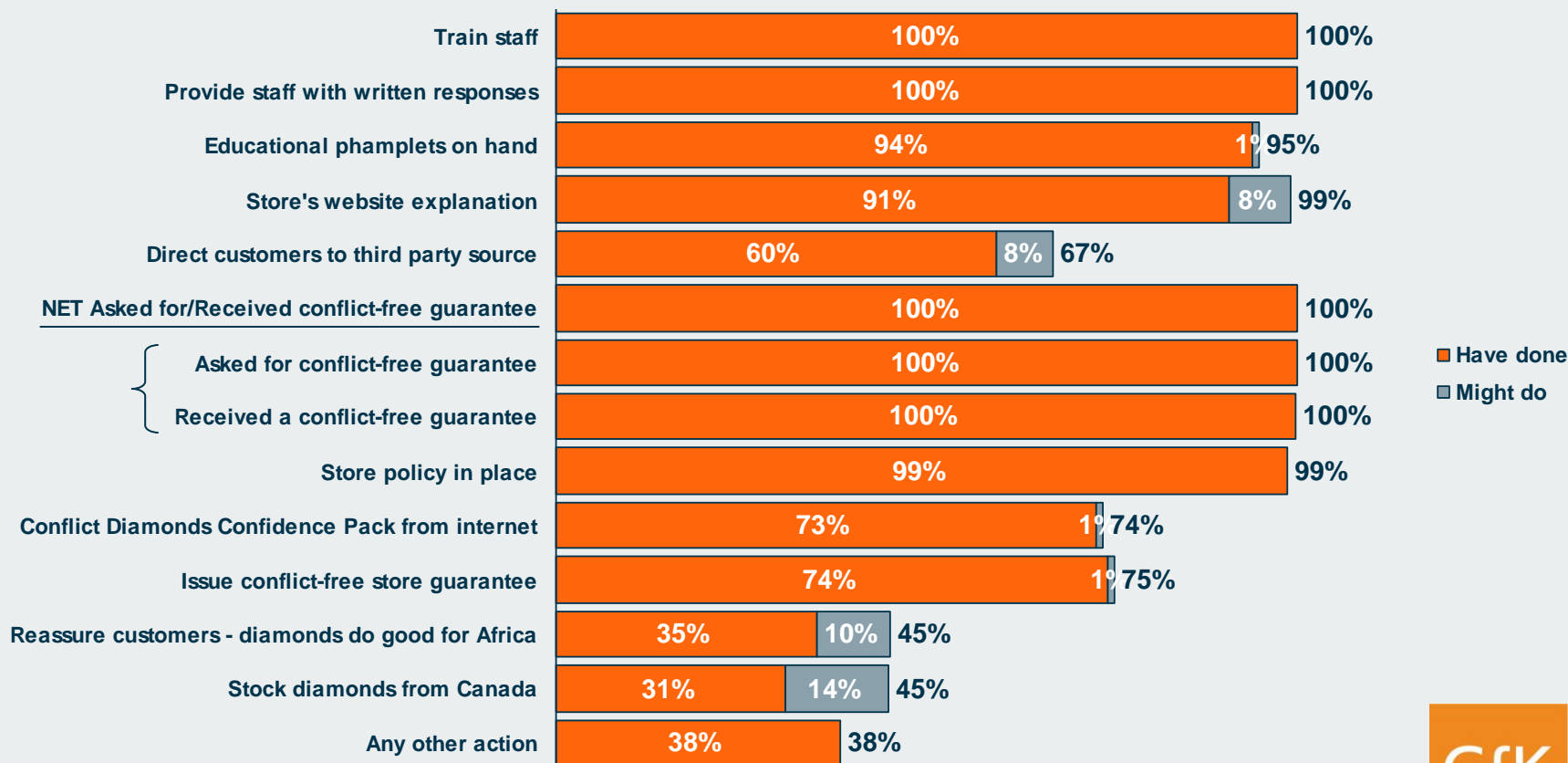
# Small chain/independent retailer preparation has intensified over last six months



When looking at a base of large chain retailers only, nearly all have taken the necessary steps to address the conflict diamond issue.

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### Base = 100% of Retailers Very/Somewhat Prepared



# Summary

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- Efforts to educate retailers and their consumers about conflict diamonds are showing encouraging results:
  - Many retailers (two-thirds) recently received questions from consumers concerning conflict diamonds and the vast majority (97%) felt prepared to answer these questions
  - Most jewelers (89%) said they had trained their staff to handle customer questions about the issue, while four out of five said they felt confident of their ability to explain the Kimberley Process.
  - Most retailers (88%) have asked for or received guarantees from their suppliers that all their diamonds are conflict-free.
- Education efforts need to continue
  - Awareness of the Kimberley Process and System of Warranties has increased substantially but more still needs to be done.
  - Every retailer needs to be asking for and receiving a conflict-free guarantee from their supplier.
  - The majority of retailers have trained and prepared their staff but there is still room for improvement and everyone should be taking measures.