THE DIAMOND INSIGHT REPORT 2019

DIAMONDS AND LOVE IN THE MODERN WORLD

DE BEERS GROUP

CONTENTS

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Diamond rings are a popular love gift among couples in China and the US, but diamond earrings, pendants and necklaces are chosen nearly as often.

FOREWORD

Natural diamonds have been the symbol of romantic love for centuries – but these days they express modern love in all its forms, not only in relation to traditions such as engagement or weddings.

BRUCE CLEAVER
CEO, DE BEERS GROUP

Love is a universal concept, recognised throughout history across all cultures and societies – and the most precious things have always been sought out to celebrate and symbolise this emotion.

The inherent attributes of natural diamonds – their uniqueness, authenticity, rarity, timelessness and enduring value – have made them the symbol of romantic love for centuries. More than half of all diamonds today are given to express love and commitment.

But while love may be universal, society is changing, and the ways in which love is expressed are, unsurprisingly, changing with it.

So in this, our sixth annual Diamond Insight Report, we explore how the evolving nature of romantic relationships is shaping the diamond sector, and what modern diamond consumption habits can tell us about how we are changing as a society.

What is the impact of Millennials' values and beliefs on the tradition of giving an engagement ring or wedding band? How do cohabiting couples use jewellery to express commitment to one another? What about same-sex couples? How is women's growing economic power within a relationship affecting purchasing patterns? And how do gifting behaviours differ across cultures and continents?

The insights we have uncovered are fascinating, not only for the diamond industry itself but also for society as a whole.

Above all, our findings show that giving jewellery for romantic reasons is a strong human impulse, regardless of attitudes towards marriage. From China to the US and Japan, partners give precious symbols of their love to each other to mark important moments in their relationship, whether or not those moments follow traditional rituals. And they continue to see diamonds as the ultimate manifestation of their everlasting commitment.

While commitment diamond jewellery – to celebrate an engagement or wedding – remains a bedrock of the industry, romantic love gifting of diamonds both before and during marriage, and between partners who are not married, is also of great importance.

Today, it's not only brides who will receive a diamond ring, but often also women in committed relationships who are cohabiting. And while rings represent a significant proportion of jewellery gifted for love, diamond earrings, pendants and necklaces are equally popular as gifts among couples, both in China and the US.

The trend we highlighted in last year's Diamond Insight Report of younger consumers wanting to express their individuality in their jewellery is also reflected here, as we see design playing an increasingly important part in a couple's choice, regardless of their marital status.

There's powerful evidence, too, of the changing relationships between the sexes. Women are increasingly having more say in the choice of diamond jewellery they will wear and are increasingly contributing towards its cost, even when it's a gift to them. Moreover, as women's earning power increases, they are also choosing higher value pieces.

The desire for reciprocity is also an emerging trend. Couples today in China often choose complementary diamond jewellery for each other, with 'couple rings' being the most popular option.

Similarly – as we've seen in previous years – diamonds are increasingly given by a partner to celebrate key moments in a woman's life, recognising her achievements in all fields, whether in education, the workplace, her social life or the family.

It's therefore important for the sector to recognise the opportunities presented by the diversity and breadth of relationships and to provide the jewellery, the brands and the retail experiences that will meet consumers' rapidly changing tastes.

Even though a traditional wedding may not be the focal point for every relationship, partners around the world continue to want to celebrate their own treasured moments in their own special ways. It's up to all of us in the diamond industry to inspire them with unique diamond jewellery for every individual love story.

EXECUTIVE SUMMARY

More than half of all diamond jewellery is given to express love, often to mark special personal moments unrelated to traditional marriage rituals.

IN FOCUS: DIAMONDS AND LOVE IN THE MODERN WORLD

Natural diamonds have been seen as symbols of love for centuries and people use them to celebrate many aspects of their relationships all over the world. Today, more than half of all diamond jewellery is given to express this universal emotion of love.

In this report, we focus on women receiving diamond jewellery as commitment or love gifts, and we highlight for the first time how same-sex couples have embraced diamonds as part of their own traditions.

Diamond engagement rings and wedding bands ('commitment jewellery') have been the cornerstone of the industry for generations. But as we head into the 2020s, with traditional marriage only one option for many couples, it's vital for the diamond industry to understand the implications of, and opportunities that arise from, evolving social norms and traditions. Encouragingly, diamonds appear to hold the same relevance for couples, whichever way they choose to celebrate their commitment.

Commitment jewellery and love gifts to women represent more than half of the total value of diamond jewellery sold worldwide. Jewellery purchased for engagements and weddings retains its important place in the market, representing a little more than one quarter of sales in the US, China and Japan. In the US, more than 70 per cent of brides acquire a diamond engagement ring; in China it's less than half, but that proportion has been growing rapidly, especially in large cities. Brands are increasing their share of sales of commitment jewellery in the US, and it now represents about two-fifths of those sales.

Our research finds some perhaps unexpected signs of changing dynamics in the commitment and love gifting of diamond jewellery. For example, more and more women are paying for their own wedding or engagement jewellery in the US and are spending significantly more on average than their partners spend. The purchasing power of women is therefore as important to recognise in the commitment space as it is in relation to self-purchasing of diamond jewellery.

Another key insight is that gifts of diamond jewellery from men to women before or during marriage now account for more sales than diamond jewellery sold for weddings and engagements.

In the US, gifting within married couples represents more than a third of the total value of the women's diamond jewellery market, and love gifts by partners to single women have been rising rapidly. These gifts are as likely to be diamond earrings, pendants or necklaces as diamond rings.

In China, gifting from a partner before marriage, mainly in the form of rings, represents as much as 40 per cent of the value of all diamond jewellery received by women, outside engagements and weddings. During married life, Chinese husbands often give their wives diamond jewellery to celebrate an anniversary.

At the same time as marriage rates have fallen in the US, the number of cohabiting couples has risen. Cohabiting women now receive 10 per cent of the value of the female diamond jewellery market. Often, cohabiting women who intend to marry receive a diamond engagement ring, while cohabiting women who do not intend to marry tend to receive a wider repertoire of diamond jewellery from their partners.

The majority of couples we spoke to in our ground-breaking new research in the US and China into the role of diamonds in same-sex relationships regard diamond jewellery as important to celebrating life's important events. In the US, engagement is the most common reason for giving diamonds, and brands are favoured. Both male and female couples in the US tend to prefer lighter, trendier and more individual jewellery to more traditional pieces, while in China choices of jewellery design are more in line with the rest of the market.

All of these findings highlight that while diamonds remain as potent a symbol of love as ever, it is important for the diamond industry to recognise the new patterns in consumers' tastes and demands generated by modern expressions of love. The sector needs to respond accordingly when developing products, brands and retail experiences, because they present many, and diverse, opportunities.

DIAMOND INDUSTRY VALUE CHAIN

Global consumer demand for diamond jewellery continued to grow in 2018, driven by sustained positive macro-economic fundamentals in the US and China.

The midstream started to experience a slowdown in demand towards the end of 2018, due to slightly lower than expected end-of-year holiday sales, and the trend continued into this year. A significant cause has been the oversupply of smaller polished diamonds. Since the vast majority of these are processed in India, the depreciation of the rupee and a reduction in Indian bank financing have exacerbated the issue. We expect retail demand pull-through to rebalance the market in due course.

Global rough diamond production volume declined in 2018, but the average value of carats mined increased and the result was a higher global production value than 2017. Looking ahead, production volumes are expected to continue to decline gradually, with some mines approaching the end of their production and no major production assets coming on stream in the near future.

DOWNSTREAM

Global consumer demand continued to grow in 2018 driven by sustained positive macro-economic fundamentals. US and Chinese consumers were largely responsible, while weakness in the US dollar relative to currencies in most other leading diamond-consuming countries supported further growth.

2018 DIAMOND JEWELLERY AND POLISHED DIAMOND DEMAND (IN US DOLLARS, NOMINAL)

Growth in demand in US dollar terms was supported almost equally by the US and China, while positive foreign currency effects made Japan also a notable contributor to global growth in 2018.

GLOBAL (USDbn)
Global consumer demand increased by two per cent in 2018 to US$76 billion (see note on change in market estimation). In US dollar terms, China and the US were the fastest growing regions, both growing by five per cent y/y.

Polished Diamond
Change: +1.9%
24.811 25.286

Diamond Jewellery
Change: +2.4%

US (USDbn)
Demand for diamond jewellery in the US increased by five per cent to US$36 billion (see note on change in market estimation), representing just under half of total global diamond jewellery demand. This growth was underpinned by solid macro-economic factors.

Polished Diamond
Change: +4.5%
11.788 12.319

Diamond Jewellery
Change: +4.5%

CHINA (USDbn)
In China, consumer demand for diamonds experienced more robust growth in 2018 compared with the previous year, up three per cent in local currency and five per cent in US dollar terms. However, most of this growth was seen in H1, with H2 slowing considerably.

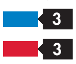
Polished Diamond
Change: +4.7%
3.313 3.469

Diamond Jewellery
Change: +4.7%

INDIA (USDbn)
Consumer demand continued to decline in 2018, down four per cent in local currency and nine per cent in US dollar terms, a steeper fall than in the previous year due to a decline in the Indian rupee against the US dollar. Government tax policies and other adjustments reduced consumer confidence.

Polished Diamond
Change: -8.8%
1.464 1.335

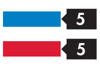
Diamond Jewellery
Change: –8.8%



JAPAN (USDbn)
Demand from Japanese consumers increased by one per cent in local currency and by two per cent in US dollar terms due to appreciation of the yen against the US dollar. Results for Japan tend to be affected by currency exchange rate movements – in local currency, demand tends to be stable.

Polished Diamond
Change: +2.1%
1.136 1.159

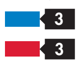
Diamond Jewellery
Change: +2.1%



GULF (USDbn)
Demand from consumers in the Gulf declined by eight per cent in US dollar terms, as the region continued to grapple with lower oil prices and geopolitical tensions.

Polished Diamond
Change: -7.6%
1.655 1.530

Diamond Jewellery
Change: –7.6%



REST OF WORLD (USDbn)
Consumer demand for diamond jewellery increased by one per cent to US$18 billion as growth in some markets offset declines in others. Difficult economic conditions in the Eurozone from mid-2018 reduced demand, but currency appreciation against the US dollar partially countered this.

Polished Diamond
Change: +0.3%
5.456 5.475

Diamond Jewellery
Change: +0.7%

SELECTED CONSUMER TRENDS

US

Diamonds remain a potent symbol of love
Despite some softness in commitment diamond jewellery demand and growth of self-purchasing, overall diamond love gifting continues to account for more than half (52 per cent) of the women's diamond market value.

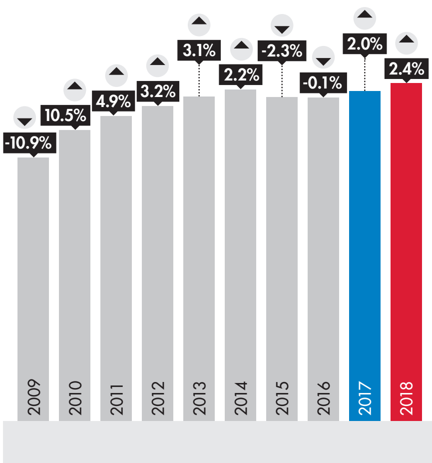
More designed commitment pieces
Engagement rings increasingly contain smaller centre diamonds, but more side stones and accents.

Designer brands grow commitment market share
Almost half (46 per cent) of diamond engagement rings by value and 36 per cent of pieces are branded, up from 22 per cent of pieces only five years ago. International luxury diamond jewellery brands lead (15 per cent of value), followed by international designer brands with offerings beyond jewellery (13 per cent), which have grown fastest.

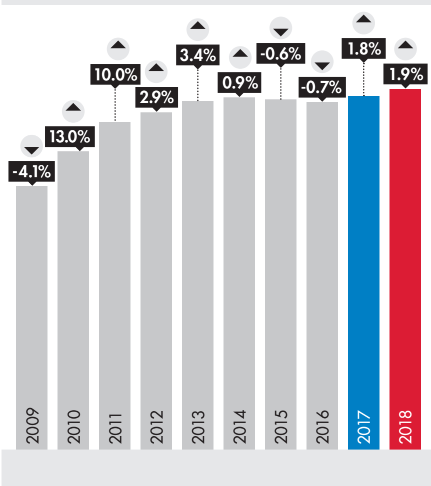
Increased confidence in online
Online sales are surging. Beneficiaries are diamond specialist chains, mass department stores, mass prestige brands and discounters, with specialist independents and online-only jewellers losing out.

2018
2017

GLOBAL DIAMOND JEWELLERY VALUE GROWTH (USDbn)

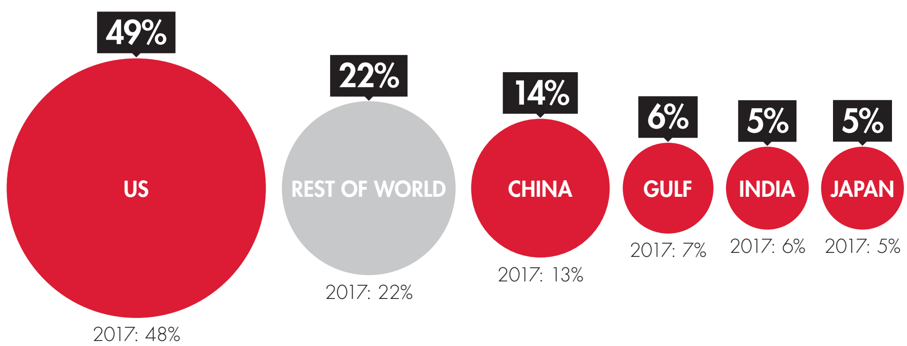


GLOBAL POLISHED DIAMOND VALUE GROWTH (USDbn)



GLOBAL POLISHED DIAMOND SHARE BY GEOGRAPHY

Due to faster than average growth in 2018, the US and China gained market share in global polished diamond demand. The US edged closer to half the global figure. India and the Gulf lost some of their shares, as they experienced declines in demand.



LOOKING AHEAD

The macro-economic fundamentals remain supportive overall of diamond demand growth in 2019 with US-China trade war developments and currency fluctuations remaining the main risk to the downside. Longer term, the growing middle class of China and India offer the most upside potential if desirability can continue to grow.

In the US, market expectations remain positive, with growth likely to remain steady; however, dissipating fiscal stimulus and rising recession fears could prove to be a drag on growth in 2020.

For the Chinese, assuming a de-escalation in the US-China trade conflict, demand is poised to increase as the country's growth transitions to being consumption-driven.

In India, after several years of demand declining, the re-election of Prime Minister Narendra Modi is expected to have a positive impact on the general business environment and consumer confidence.

More self-purchase among the young
Self-purchasing among under-35s has increased from 21 per cent to 30 per cent since 2013. Diamond necklaces, bracelets, halo earrings and stud drops have grown in popularity.

GLOBAL
In India, the Elites drive demand for diamonds
The Elites* acquire pieces with larger diamonds (0.5 carat average) than the Affluents** (0.25 carat). Thirty-five per cent of Elites (vs 18 per cent Affluents) are repeat purchasers.

In China, innovation in design and occasions would stimulate sales
In China, Millennial consumers would acquire more diamonds if designs were more appealing, and older owners if they saw more gifting opportunities.

Notes:
* Socio-economic classes A/B; incomes >INR40k/month; and own a car costing >US$15k/member of prestigious club/take trips abroad annually.
** Socio-economic classes A/B; main income earner has university degree and is a business owner/professional/corporate manager.

Note on change in market estimation
We have restated the consumer demand figures for diamond jewellery as a result of new insight gained via a De Beers Group commissioned study into the diamond content of jewellery in the US and India in 2018. The study revealed that the share of the polished wholesale value in the overall jewellery retail value had increased in the US after the financial crisis of 2008 and decreased slightly in India. The adjustments made resulted in a new lower diamond jewellery market estimate for the US and globally.

MIDSTREAM

Following a strong 2017, the midstream trading environment experienced more challenges in 2018 with tightening liquidity, the depreciation of the Indian rupee against the US dollar and a surplus build-up of smaller polished diamonds.

Midstream sentiment started 2018 on a positive note owing to strong demand from US and Chinese retailers. While conditions were supportive for midstream businesses overall, those specialising in the cutting and polishing of the low-priced product segment came under considerable pressure towards the end of 2018, due to the relative lack of demand, as well as the rapid depreciation of the rupee and the reduction in bank financing.

This decrease in demand for smaller sized polished is reflected by the decline in demand for rough diamonds, with rough diamond net-imports into India, the world's major diamond cutting and polishing location, for calendar year 2018 declining by 15 per cent y/y in carats. Semi-annually, there was a decline in H1–18 of 17 per cent and in H2–18 of 12 per cent. This downward trend continued for H1–19 with net-imports of rough (in carats terms) declining by 20 per cent y/y.

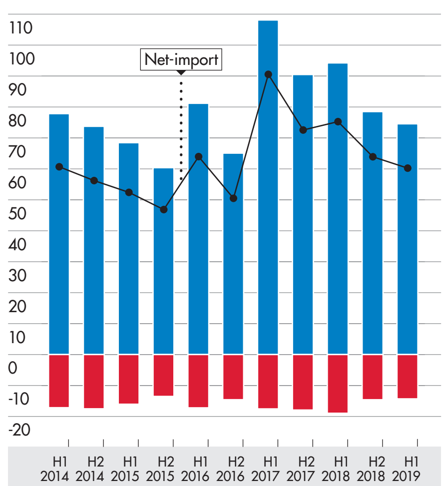
Due to the overabundance of smaller sized polished, wholesale prices declined marginally during 2018.

Midstream sentiment has been low during 2019 so far, after beginning the year with this oversupply of smaller sized polished. Conditions remained unfavourable due to the absence of strong retailer demand, which has been seen historically at the start of the year.

INDIA RUPEE TO US DOLLAR
(1 USD='X' INR)

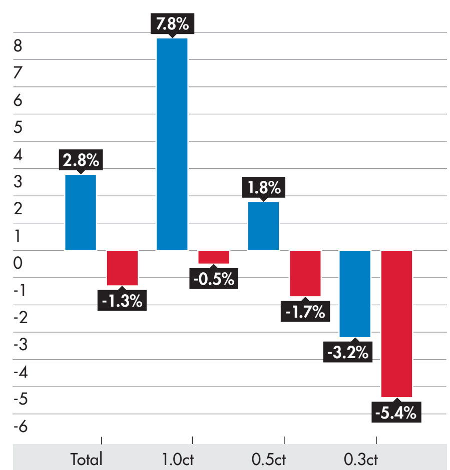
Source: UK Forex

INDIA ROUGH DIAMOND TRADE
(Mcts)



Source: Gem and Jewellery Export Promotion Council

POLISHED PRICE INDICES BY WEIGHT RANGE (% CHANGE)



Source: Polished Prices

LOOKING AHEAD

A slowdown in upstream rough diamond production and stable downstream consumer demand should together start to alleviate the H1-2019 supply-demand imbalance.

However, challenges remain in the form of retailers lowering asset inventory requirements and demanding more value-adding innovations (both products and services), and cash flows being challenged by continued counterparty risk and tightening bank credit (both terms and rates). Nonetheless, the transformations under way at the retail level and in terms of midstream financing will lead to a more efficient and healthy diamond pipeline longer term.

Successful midstream players will have the hallmarks of:

– creating and capturing value downstream by offering customers superior and differentiated products and services;

– innovating by fostering in-house breakthroughs or by adapting to new, emerging technologies;

– responding to the needs of a new generation of consumers that value a product's authenticity and ethical credentials;

– building financial strength and impeccable business practices; and

– effective approaches for planning their customers' future demand requirements and efficiently matching them with supply.

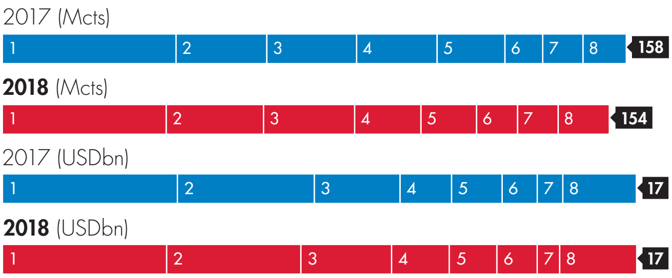
UPSTREAM

The value of global rough diamond production increased by approximately one per cent year on year in 2018 despite an estimated three per cent drop-off in volumes produced. Rough diamond sales to cutting centres also increased by approximately three per cent year on year.

GLOBAL PRODUCTION

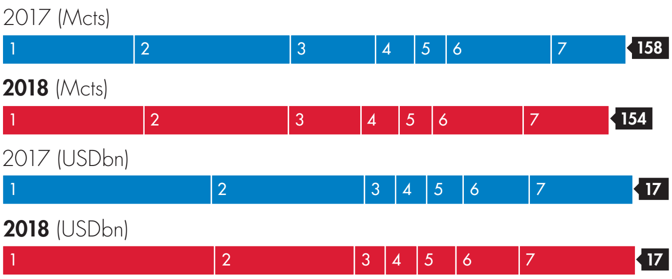
In 2018, volumes decreased by an estimated 4.3Mcts to 154Mcts[i], mainly due to lower production from ALROSA (-3Mcts) and Rio Tinto (-3Mcts). However, average value of carats produced increased (largely because of Rio Tinto's lower output), so that global production values grew to US$17.4bn. Russia remained the largest producing country followed by Botswana (27 per cent and 16 per cent of volumes respectively).

PRODUCTION BY COUNTRY



1. Russia 2. Botswana 3. Canada 4. DRC
5. Australia 6. Angola 7. South Africa 8. All others

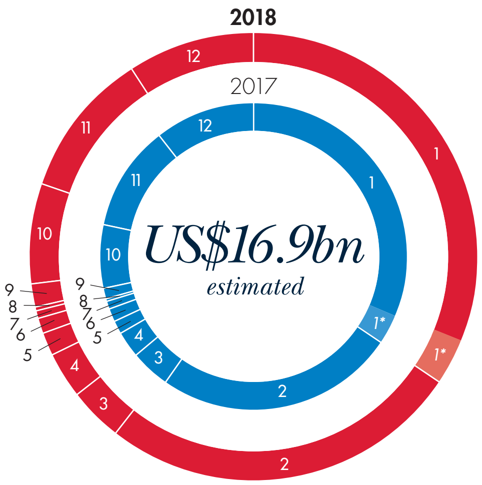
PRODUCTION BY COMPANY



1. De Beers Group 2. ALROSA 3. Rio Tinto 4. Dominion Diamond
5. Catoca 6. Informal sector 7. Juniors/ROW

ROUGH DIAMOND SALES TO CUTTING CENTRES

Rough diamond sales increased 2.7 per cent in 2018, primarily driven by higher sales by De Beers Group, ALROSA and Sodiam. De Beers Group's share of global rough diamond sales remained flat y/y at an estimated 34.5 per cent, while ALROSA's estimated share grew 0.8 per cent to 26 per cent compared with the previous year. Combined, the industry's top nine publicly listed rough diamond producers[ii] increased sales by US$530m, and accounted for an estimated 73 per cent of global sales in 2018.



1. De Beers Group
1*. *of which DTCB to ODC*[iii]
2. ALROSA
3. Rio Tinto
4. Petra
5. Gem Diamonds
6. Lucara
7. Stornoway
8. Firestone
9. Mountain Province
10. Sodiam
11. Informal sector
12. Other[iv]

Notes:
i. De Beers Group has re-stated its estimates of informal diamond production since the 2018 edition of the Diamond Insight Report based on the results of a commissioned study. However, figures for informal production remain at a lower level of confidence than other production figures and could be updated if new information is available.
ii. De Beers Group, ALROSA, Rio Tinto, Petra, Gem Diamonds, Lucara, Stornoway, Firestone, Mountain Province Diamonds.
iii. Okavango Diamond Company sales, by value, are included in the De Beers Group share of sales estimate as sales from Diamond Trading Company Botswana.
iv. Sales values are based on De Beers Group estimates where company reports are unavailable.

LOOKING AHEAD

As several mines reach end of life, production is expected to continue declining in volume terms. Argyle, a large producer of small diamonds, is expected to close in 2020, taking up to 14Mcts of smaller sized diamonds out of the market.

Higher polished stocks in cutting centres during the first half of 2019 has resulted in lower rough diamond sales. An oversupply of smaller diamonds in 2017/18, combined with weaker retailer demand, have reduced the midstream's ability to absorb more rough diamonds of this size in particular. A more stable demand environment should see a rebalancing of stocks in this area.

MAJOR NEW EXPECTED PROJECTS AND CLOSURES TO 2025

NOTABLE NEW DIAMOND PROJECTS
– **Zaria**, 2021
– **Chidliak**, Unspecified
– **Luaxe**, Unspecified

MINES APPROACHING END OF LIFE
– **Victor**, 2019
– **Argyle**, 2020
– **Komsomolskaya**, 2021
– **Diavik**, 2025

IN FOCUS: SUMMARY

EVOLVING EXPRESSIONS OF LOVE – THE ENDURING IMPORTANCE OF NATURAL DIAMONDS

Romantic love continues to be the main reason for diamond gifting and drives about half of the value of diamond jewellery demand in the main markets – US, China and Japan.

The nature of romantic relationships and the way they are experienced is evolving, and consumers, including Millennials, are confirming their belief that diamonds are a unique and precious symbol central to the various expressions of modern-day love.

1. Commitment expressed through engagement and marriage is changing as couples often celebrate an already long and rich history together

2. Love is celebrated through many moments, and not just rites of passage, before and during marriage

3. Couples express their love while they live together without marriage

4. Love is universal and diamonds play a key role in both same-sex and heterosexual relationships

ACTIVE COMMITMENT
'Forever' does not 'just happen' and couples recognise that it is forged by ongoing moments of active commitment. They approach their marriage determined to embrace this challenge.

LOVE IS IN THE EVERYDAY
The diamond ring represents an evolved and more grounded version of love – the love that exists in the mundane day-to-day tasks that make up a life together.

MILLENNIALS ASPIRE TO LIVE LOVE
Love can truly last if it is built with effort every single day, as reminded by the constant unchanging presence of a diamond.

DESIRE FOR SELF-EXPRESSION
Younger couples seek out brands which reflect their own values and help them express their own personalities.

MORE SPENT ON GIFTS OF LOVE OUTSIDE OF MARRIAGE
As modern couples see a relationship as a journey and diamonds are still essential in the expression of love, partner gifting before and during marriage is a bigger market than commitment diamond jewellery itself.

VARIED MEANINGS OF LOVE GIFTING BEFORE MARRIAGE IN THE US AND CHINA
Partner gifting before marriage in China is largely to celebrate commitment, while in the US it is more about tokens of affection given at festivals such as Christmas.

A RANGE OF OCCASIONS FOR LOVE GIFTS DURING MARRIED LIFE
American husbands spend twice as much as single men on partner gifts for a range of occasions, while in China wedding anniversaries trigger most partner gifts to married women.

COHABITING IS A GROWING TREND IN THE US
Cohabiting in the US has grown by 29 per cent between 2007 and 2016.

MILLENNIALS AND GEN Z ARE THE HIGHEST PROPORTION OF COHABITERS
Roughly half of cohabiters in the US are younger than 35, despite cohabiting growing the most among the over 55s. The income levels of cohabiters are, on average, lower than married couples, hence the demand for diamond jewellery with different price points.

DIAMONDS AS AN EXPRESSION OF LOVE ARE ESSENTIAL
Cohabiting women desire diamonds, and love-related gifts from partners form the largest portion of their diamond acquisition value.

DIAMONDS ARE SYNONYMOUS WITH LOVING AND MEMORABLE EVENTS
Same-sex couples describe the relationship for which diamonds could be gifted as real, significant, precious and unique, and diamonds are important for them in celebrating special relationship-related events.

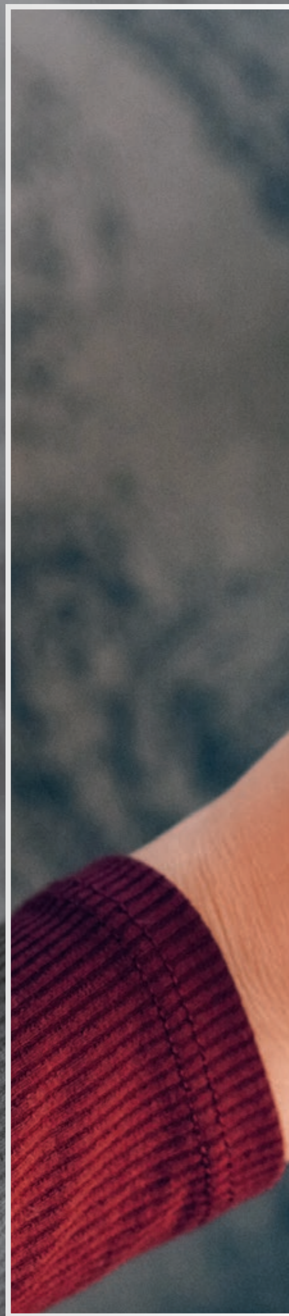
SAME-SEX COUPLES ARE SOMEWHAT YOUNGER AND MORE AFFLUENT THAN HETEROSEXUAL COUPLES
This explains the relatively high spend on diamond gifts celebrating love, including preference for brands.

THE CONSUMER SEGMENT SEEKS TAILORED DIAMOND JEWELLERY OFFERINGS
The types of jewellery preferred by same-sex couples for celebration of love are different from those favoured by heterosexual couples. They also seek more private shopping experiences that are tailored to their community and welcome mainstream brands' inclusive promotional campaigns.

IN FOCUS

DIAMONDS AND LOVE IN THE MODERN WORLD

While romantic love is universal across all cultures, the way it is expressed can differ, but natural diamonds remain an important symbol of life's relationships.



TREND 1
COMMITMENT DIAMONDS

The strength of diamonds as a symbol of engagement continues in the main diamond markets, and use of diamonds in wedding rings is growing in the US.

PROPORTION OF US BRIDES WHO ACQUIRE A DIAMOND ENGAGEMENT RING

72%

TREND 2
PARTNER GIFTING OF NATURAL DIAMONDS BEFORE MARRIAGE AND DURING MARRIED LIFE

The gifting of diamonds by a partner before and during married life, often to mark a relationship milestone or to celebrate love, is a bigger market than commitment diamond jewellery.

GIFTING FROM PARTNERS AS A PROPORTION OF TOTAL VALUE OF WOMEN'S DIAMOND JEWELLERY MARKET

36%

TREND 3
LOVE GIFTING OF NATURAL DIAMONDS BY COHABITING COUPLES IN THE US

Cohabiting is a growing trend in the US, with cohabiters often being younger and having lower average household incomes than married couples. Nearly half of the diamond jewellery these women acquire comes from a boyfriend/partner to express commitment.

ROMANTIC LOVE GIFTS AS A PROPORTION OF ALL DIAMOND JEWELLERY ACQUIRED BY COHABITING WOMEN

45%

TREND 4
LOVE GIFTING OF NATURAL DIAMONDS BY SAME-SEX COUPLES

Same-sex couples strongly associate diamonds with loving and memorable events. They seek out less traditional designs, tend to choose brands and shop online.

PROPORTION OF AMERICANS IN SAME-SEX RELATIONSHIPS WHO VIEW DIAMONDS AS IMPORTANT IN CELEBRATING LIFE'S SPECIAL EVENTS

72%

Engagement and wedding jewellery is only part of the love story behind diamonds – there are many more opportunities for the diamond industry to help consumers express love beyond celebrating these traditional milestones. We should stop talking about 'bridal' and talk instead about love and commitment.

DIANA MITKOV, SENIOR INSIGHT AND ANALYTICS MANAGER, DE BEERS GROUP

NATURAL DIAMONDS AS AN ENDURING SYMBOL OF LOVE

Diamonds have been a symbol of unwavering love for centuries. In Europe, there is evidence that in the Middle Ages diamond rings were used for betrothals among the nobility. In 1475, Costanzo Sforza and Camilla D'Aragona, from two of the most influential families in Italy, were married. A poem celebrating this union includes the words: "Two wills, two hearts, two passions are bonded in marriage by a diamond[1]. "In 1477, Maximilian I of Austria gave Mary of Burgundy a diamond ring in celebration of their betrothal (see Illustration 1).

Throughout history, people across the globe have exhibited an inherent need to mark the most important moments and emotions with something innately precious. The attributes of uniqueness, rarity, endurance, beauty and timelessness means that diamonds had played this role for kings, queens and aristocrats for centuries, and De Beers Group's slogan 'A Diamond is Forever'[2] penned in the 1940s by a young female copywriter named Frances Gerety became a perfect encapsulation of why diamonds are so appropriate for meeting this need. Today, diamonds continue to symbolise love for hundreds of millions of couples around the world (see Illustration 2).

Romantic love is universal to all cultures and times, but the expressions of love are different in different cultures – some are explicit and others are implicitly understood without words and big gestures. Diamonds as symbols of love address both the explicit and the implicit expressions of love through the choice of designs, occasions and presentations[3].

The expressions of modern romantic love are manifold. Engagement and marriage are no longer the only ways to show romantic love. It is increasingly expressed in relationships before and outside marriage, and in celebrations during married life. While same-sex love has always existed through human history, it is now expressed more openly, and same-sex couples in many countries declare their commitment through partnerships and marriages. It's therefore vital that the diamond industry understands how the expressions of love are evolving as we head into the 2020s, and what this means for a product that is so deeply connected to the notion of love.

It is clear from consumer research that diamonds continue to be the primary embodiment of everlasting love and romance. Women in the main diamond consumer markets in China, India and the US see diamonds as the ultimate symbol of love (87 per cent[4], 86 per cent[5] and 62 per cent[6] respectively). They also have a strong sense of permanence and endurance, with 86 per cent of US women seeing diamonds as something that will last forever. In Japan, 60 per cent of women say that diamonds are something they would be proud to receive as a gift[7].

Illustration 1:
Mary of Burgundy's betrothal diamond ring with her initial[8].

Illustration 2:
1950 De Beers Group advertisement.

'When love is new, and lovers share their dreams of life to be, each moment brims with happiness. It's a time that they'll recall, always, in the joyous flames of her engagement diamond.'

NATURAL DIAMONDS AS AN ENDURING SYMBOL OF LOVE continued

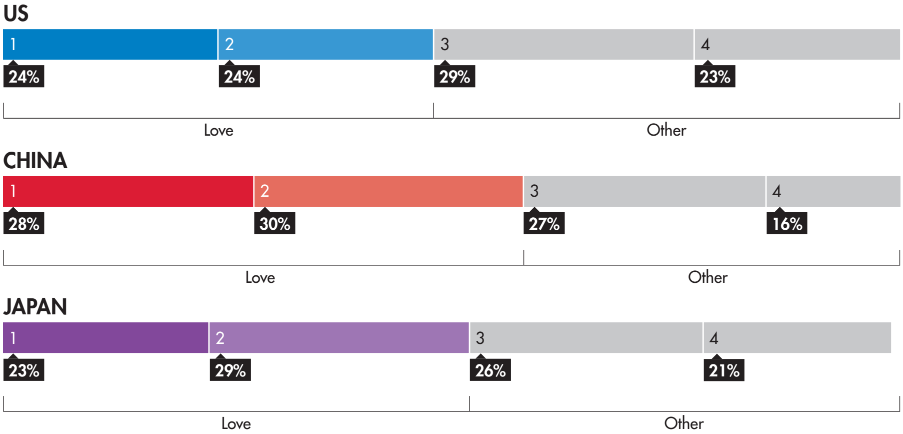
Diamonds enable people to express an increasingly wide range of emotions and moments, but love is still the central point of symbolism. In three of the biggest diamond consuming countries in the world, love-related gifting of diamonds represents about half or more of the total value of diamond jewellery bought. In the US, the rapid growth in self-purchasing and familial gifting has placed engagement and wedding diamonds and love gifting between partners at just under half (48 per cent) of the total women's diamond jewellery market value (see Fig. 1). In China, love-related occasions account for more than half (58 per cent) of the value of diamond acquisitions (see Fig. 1).

Among Millennial women, the love-related opportunities for diamond acquisition are even bigger – half of the value of all diamond jewellery acquired by Millennial women in the US and 61 per cent in China. Of this figure in the US, as much as 30 per cent is commitment diamond jewellery and 20 per cent is other love gifting, while in China the respective proportions are 35 per cent and 26 per cent (see Fig. 1).

India, which is the third largest single country for the consumption of diamonds, is rather different, as most marriages there continue to be arranged by the families of the newlyweds, and jewellery gifting for weddings is from the families and not from the groom to the bride. Also, surprise gifting from men during married life is still relatively rare, as women are the main decision-makers in diamond jewellery acquisitions, even if the purchase is financed by the husband. In this respect, India merits a separate investigation and is therefore not a focus of the current report.

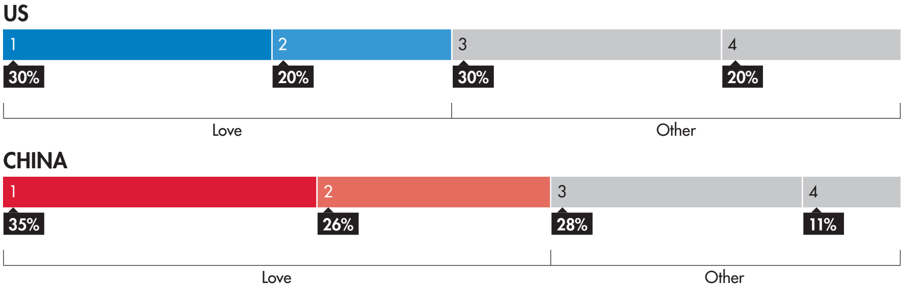
In Japan, the fourth largest single-country market for diamonds, love gifting also accounts for more than half (52 per cent) of all diamond jewellery value (see Fig. 1).

***FIG 1:* DIAMOND JEWELLERY GIFTED FOR LOVE-RELATED REASONS IN THE US, CHINA AND JAPAN** (% SHARE OF VALUE)



Source: De Beers Group-commissioned Diamond Acquisition Studies US (2018), China (2017) and Japan (2014).

DIAMOND JEWELLERY GIFTED FOR LOVE-RELATED REASONS AMONG MILLENNIALS IN THE US AND CHINA (% SHARE OF VALUE)



1. Commitment 2. Love gifting 3. Self-purchase 4. Non-love gifting

Source: De Beers Group-commissioned Diamond Acquisition Studies US (2018) and China (2017).

Note
1. Commitment jewellery is defined as diamond engagement rings and diamond wedding rings (previously referred to as bridal).
2. Love gifting is defined as gifting for celebration of a relationship milestone or to express love and commitment.

Diamond jewellery as a gift of love occurs for commitment occasions (24 per cent of the women's diamond jewellery value in the US and 28 per cent in China), but also for other occasions among both single and married women (24 per cent in the US and 30 per cent in China) (see Fig. 1). What is more, modern love relationships are no longer defined by tradition, and neither is the symbolism of diamond jewellery. It is clear that diamonds are an important symbol of commitment for people who love each other, regardless of their marital status or sexual orientation.

In 2018, De Beers Group commissioned special research on diamonds in the context of engagements and marriages among Millennials and Gen Z consumers in the US, UK, China and Japan[9]. When asked directly how important different needs are in relation to proposals and weddings, the young generations rated highest traditional needs such as celebration of lasting love and romance, celebration of the partner and making the occasion full of meaning. But they also emphasised the importance of enjoyment, and of relaxed and informal proceedings. In this study, it became clear that young people strive with equal intensity to fulfil needs not only to follow tradition and express the specialness of love, but also to imbue everything they do for their proposals and weddings with individuality, self-expression and creativity. Broader societal values also came into the mix with responsible, ethical and 'earthy' preferences helping shape their personal meaning.

The expanded notion of couple relationships among all ages is reflected in the way love gifting of diamonds has evolved. This presents an important area for the diamond industry to develop its offering and meet consumer desires for diamonds as gifts of love beyond the traditional rites of passage.

As each diamond is unique, it is also perfect for each unique expression of love. The diamond industry is taking notice and the most interesting brands offer more to couples than simply a beautiful ring. There are great opportunities to design with the increasingly wide range of relationships in mind, to personalise and to create stories, be it through understanding provenance, 'design your own' or choosing a special shape or cut. There is always a diamond for each love story.

Since more than 90 per cent of all diamond jewellery sales are for women, our main research programmes have formerly focused on women alone, regardless of their sexual orientation. However, recognising the increasing importance of same-sex relationships among men and women in modern society, we commissioned specific research among this group for the first time this year. Expression of Love Trends 1–3 are derived from the all-women research studies, while Expression of Love Trend 4 is derived from the same-sex research.

EXPRESSION OF LOVE TREND 1
COMMITMENT DIAMONDS

The definition of commitment diamond jewellery in this report includes diamond engagement rings and diamond wedding bands/rings for women (in previous Diamond Insight Reports, this has been referred to as bridal diamond jewellery).

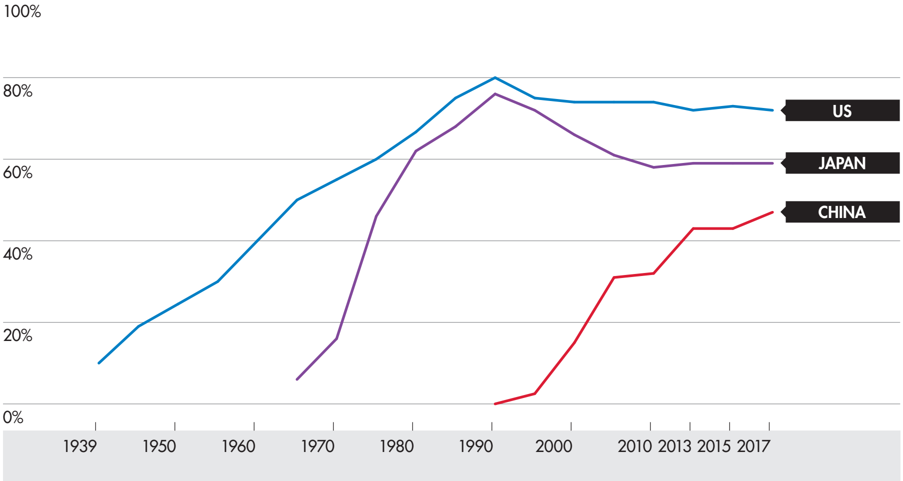
The commitment diamond tradition endures in the main diamond markets

The strength of the commitment tradition is evident from the proportions of brides who acquire a diamond engagement ring in the top diamond markets. In the US, just over 70 per cent of brides acquire a diamond engagement ring, while in Japan the proportion is about 60 per cent. In China, which is still a new market for diamonds, the proportion has increased rapidly to 47 per cent and continues on an upward course (see Fig. 2).

The commitment diamond tradition is well embedded in the US. The strength of this custom in the US is confirmed by the presence of diamonds in nine out of 10 engagement rings over the past several decades (see Fig. 3).

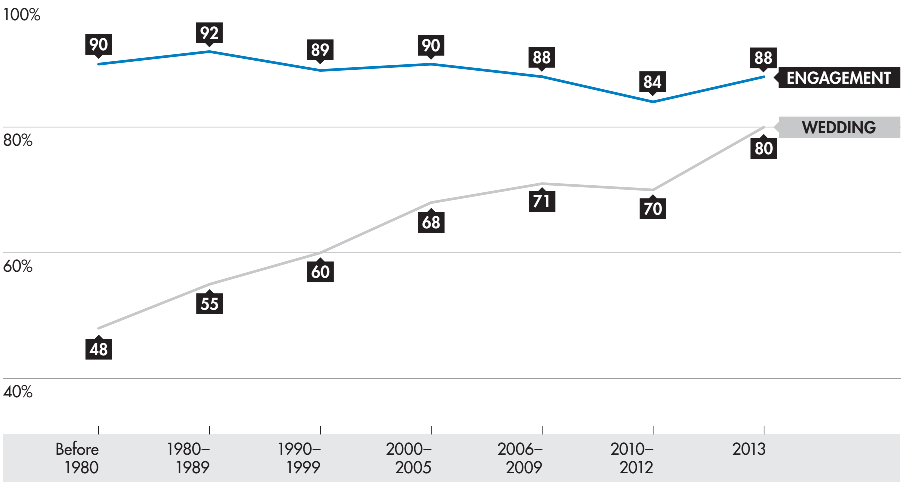
While engagement rings in the US have for many years been predominantly with diamonds, wedding rings are a relatively new diamond territory. The presence of diamonds in wedding rings has grown from half of all wedding rings before the 1980s, to four in five rings in the 2010s (see Fig. 3).

FIG 2: **THE ENDURING DIAMOND ENGAGEMENT RING TRADITION**
(% OF BRIDES RECEIVING A DIAMOND)



Source: De Beers Group-commissioned consumer research.
Note: The metric in the US for 2013–2017 is ownership of DER among women engaged in the respective year; Japan data is extrapolated post 2013.

FIG 3: **PRESENCE OF DIAMONDS IN US ENGAGEMENT AND WEDDING RINGS OVER RECENT DECADES** (% OF RESPECTIVE JEWELLERY PIECES ACQUIRED IN SPECIFIED TIME PERIOD)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2014.

COMMITMENT DIAMONDS
continued

Commitment diamond jewellery demand is growing in importance in China and Japan. It accounted for 28 per cent of the value of the Chinese women's diamond jewellery market in 2016, up from 23 per cent and 24 per cent in 2012 and 2014, respectively. This was driven by growth in the middle class, as well as strong desire for diamonds and an aspiration to western-style weddings.

In Japan, despite Millennials' apprehension regarding marriage[10], the commitment segment grew its share of a stagnant overall diamond market since before the 2008 financial crisis from 15 per cent to 23 per cent in 2013. This was largely caused by a reduction in the value of diamond jewellery acquired by women, especially those aged over 45, unrelated to engagements or weddings – a group that represents a significant proportion of demand in this country.

New research conducted in the US by De Beers Group among recently engaged or married men and women, as well as individuals married for 10 years, highlights the evolution of modern relationships and the role of diamond jewellery within them.

For young couples in the US today, marriage is still a highly relevant and aspirational ritual; however, its meaning is shifting. Societal norms have evolved, and marriage is now a choice rather than the necessity it was for previous generations. Where previously marriage was a symbol of 'new beginnings', it is now a more rational decision taken along a journey which is well under way. As a result, the moment of proposal is no longer the grand gesture of commitment at the beginning of a life together. Instead, mortgages and the decision to have children are becoming more significant decisions.

Additionally, couples getting married tend not to race into a lifelong commitment. Instead, there is a desire to embark on marriage only after the couple has already shared many experiences together and really believe the relationship will last. They are conscious that the future is likely to hold highs and lows.

'Forever' is seen as the product of intentional choices they make every day; they are highly aware of divorce rates. 'Forever' does not 'just happen' and couples recognise that it is forged by ongoing moments of active commitment. They approach their marriage determined to embrace this challenge.

The research revealed that many couples chose a diamond engagement ring to follow tradition and meet social expectations. However, once they became engaged, the diamond became imbued with emotional meaning. Their diamond ring is not only a reminder of the thought, effort and sacrifice that have gone into buying the ring. It also represents an evolved and more grounded version of love – the love that exists in the day-to-day tasks that make up a life together. There was a recognition that the diamond engagement ring is a constant reminder of the ongoing and unique connection in a marriage, and of their continued daily choice to commit to one another (see case study: the 2019 Engagement and Commitment Collection by Forevermark).

THE 2019 ENGAGEMENT AND COMMITMENT COLLECTION BY FOREVERMARK

The new Forevermark™ engagement and wedding collection is brought to life in the 'I Take You, Until Forever' campaign. The campaign uses the structure of a wedding vow to celebrate the inner workings of relationships through the lifetime of a couple and far beyond the moment of proposal. Forevermark is speaking to the reality of relationships today by stepping outside the typical category tropes of perfect love and bended knees, showing that nowadays real, enduring love is not just the beautiful moments and grand gestures. It is also working through your differences, exchanging secret coded glances and sharing the mundanity of daily chores. It takes effort to build 'forever' and a Forevermark™ diamond encapsulates this.

CONSUMERS' THOUGHTS ON DIAMOND ENGAGEMENT RINGS

"I think of the 23-year-old me versus the 39-year-old me. Of course, I'm not 129 pounds anymore. He doesn't have his hair anymore. The ring meant a lot to him at the time, and it meant so much to me that I received it. I was so proud of this ring, and I still am."

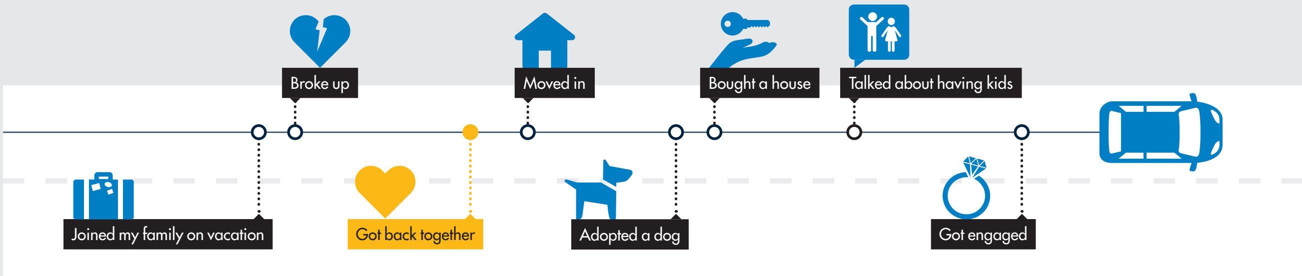
FEMALE, MARRIED 6+ YRS, ATLANTA

"I get all warm when I glance at it. It brings me back to what it took to get us where we are today. It is a happy thing for me to look at. If I am having a bad day, I glance at my ring."

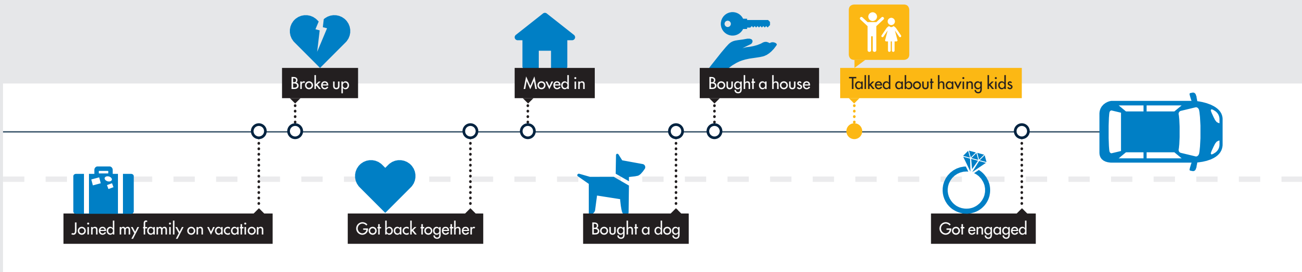
FEMALE, NEWLY MARRIED, PHILADELPHIA

THE JOURNEY OF A MODERN RELATIONSHIP

The most emotionally pivotal moments of the relationship are unique to each couple and are not typically the engagement, but other key events.



However, the decision to have children was a key trigger to get married.



COMMITMENT DIAMONDS
continued

Research conducted in China by the Diamond Producers Association echoes many of the themes found in the US. While there is a growing anxiety among young consumers today about finding a loving relationship that lasts, it is highly sought after. The dating landscape in China has changed significantly over the last few years, with the rise of online apps making it easier than ever to meet and connect with people and find a relationship. However, this is also the first generation in China really to witness their parents' generation getting divorced. The precedent of being able to walk away from marriage has created a sense among young people that love which lasts forever is something to strive for, rather than inevitable.

> *"I truly believe a love that lasts is amazing. I don't just mean staying together for a lifetime. I mean loving them a lifetime."*
>
> **MALE, 30, BEIJING**

As in the US, young people in China recognise that it's the everyday demonstrations of loving care and tenderness that make love real, precious and everlasting. Everyday reminders of love rather than grand gestures are sought after and seen as critical to ensuring their love will stand the test of time (see case study: The Diamond Producers Association 'Living in Love' Campaign).

THE DIAMOND PRODUCERS ASSOCIATION 'LIVING IN LOVE' CAMPAIGN

A campaign by the DPA which launched in 2018 in China taps into this concept of living love. The campaign inspires the notion that a love that lasts can only be built in the reality of the everyday. It also encourages consumers to share their own love stories.

Mabel Wong McCormick, managing director of DPA Greater China explains: "Diamonds have been an authentic symbol of love for couples for centuries, but in recent years it has become a passive social symbol among Millennials. Our objective is to change this perspective and highlight the new role of diamonds as an active everyday inspiration for couples that can help them reaffirm their love on a daily basis."

Arthur Tsang, chief creative officer of advertising agency BBH China, expanded on the thinking: "We know how cynical the younger generation are towards relationships today, and yet we also know deep down they still aspire to find a love that lasts. We want to seed the notion that love can truly last if it is built with effort every single day, as reminded by the constant unchanging presence of a diamond.

"This takes the role of a diamond from being a one-off ostentation for engagements and weddings, to playing an active valuable role along the course of a relationship. Our goal is to get diamonds out of drawers and on to fingers."

Source: https://www.thedrum.com/news/2018/07/31/diamond-producers-association-enlists-bbh-help-woo-chinese-millennials-buying).

The US commitment diamond tradition is very much alive, but the marriage trends in the US are less positive. In the new millennium, between 2000 and 2017 the number of marriages in the US has declined by more than three per cent. At the same time, the overall population in the country has increased by nearly 16 per cent. This has led to the total demand for diamond jewellery in the country growing, while the share of commitment diamond jewellery has declined.

Another observation that has a bearing on the historical trend in demand for commitment jewellery in the US is the greater resilience of this segment of diamond demand during periods of economic downturn. As a result, the share of commitment jewellery demand during recessions tends to increase, as consumers view diamond engagement rings as a necessity for marriage while cutting down on any other diamond jewellery. Conversely, during periods of stronger economic growth, consumers feel more confident and their spend on diamond jewellery, beyond commitment occasions, increases. This leads to lower share of this type of jewellery in the total diamond market.

ZOOMING IN ON THE US COMMITMENT JEWELLERY DEMAND TREND

The decline in market share of the commitment segment in the US is driven primarily by macro-economic and demographic factors, but it is worth exploring also the sector-specific factors that play a role.

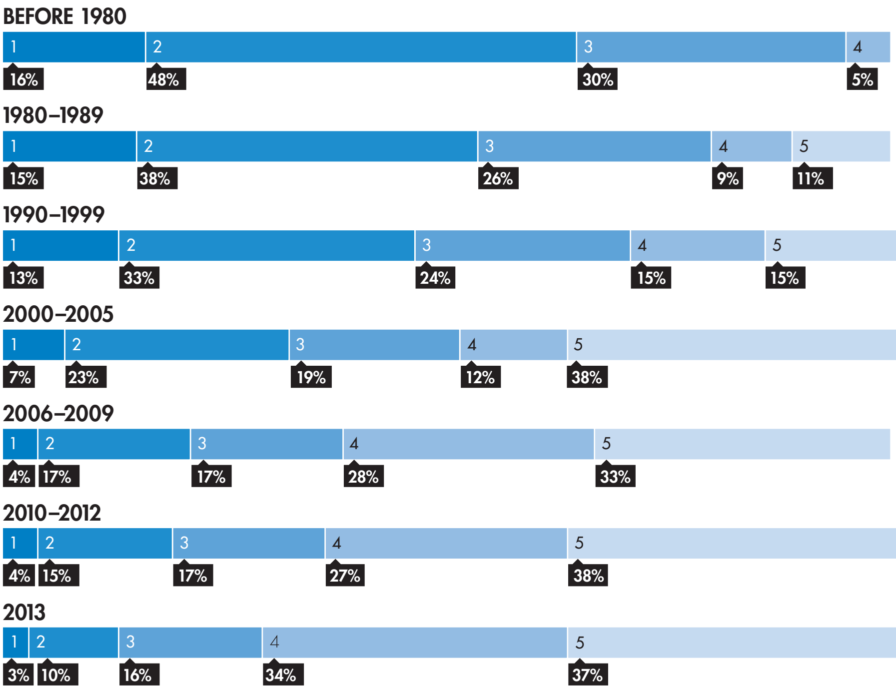
The observable trend since the 2008 financial crisis in the US has been for fewer commitment pieces to be acquired in any given year and at lower average prices.

Engagements are getting longer and commitment acquisitions are spread over time

Looking at the way people get married sheds more light on why fewer commitment pieces are acquired. It is evident that the time gap between engagement and wedding has been growing continuously over the last 40 years. Before 1980, two-thirds of weddings took place within three months of a couple getting engaged and only five per cent extended beyond a year. By contrast, by 2013, two-thirds of weddings were held more than six months after engagement, with as many as 37 per cent taking place after one year (Fig. 4). In 2019, observers of marital trends have commented that most couples in the US tie the knot within 18 months of the proposal[11].

As the typical marriage journey is now five times longer than pre-1980, an increasing number of diamond wedding rings are acquired in a different year from the engagement ring. Consequently, this reduces the number of pieces forming the commitment segment in any one year.

FIG 4: **US MARRIAGE JOURNEY FROM ENGAGEMENT TO WEDDING BY YEAR OF MARRIAGE**
(% OF MARRIED WOMEN)



1. Same time 2. 1–3 months 3. 4–6 months 4. 6–12 months 5. >12 months

Source: De Beers Group-commissioned Diamond Acquisition Study US 2014.

COMMITMENT DIAMONDS
continued

Average prices for diamond engagement rings reflect a changing mix of diamonds used in higher-design pieces

Nowadays, American couples face significant financial pressures with the average cost of a wedding running into the tens of thousands of dollars. As experience-focused Millennials want to make their wedding unforgettable and spare no expense for that, they become more cost-conscious when it comes to the engagement ring[12]. At the same time, the diamond jewellery market is highly competitive and jewellers always look for new ways of meeting consumers' needs in their quest for better value. The result has been a small decline in the average price paid for diamond engagement rings in the last five years (see Fig. 5).

However, for Millennials the average price of engagement rings in 2017 was slightly higher than the average price for the total market for the first time in five years (see Fig. 5).

One way retailers have met a desire for jewellery with a lower price point is to change the designs of commitment pieces to include smaller main diamonds while using diamond melée to create the bigger look that consumers crave. This is leading to a smaller average size for the main diamond, while the overall diamond weight increases.

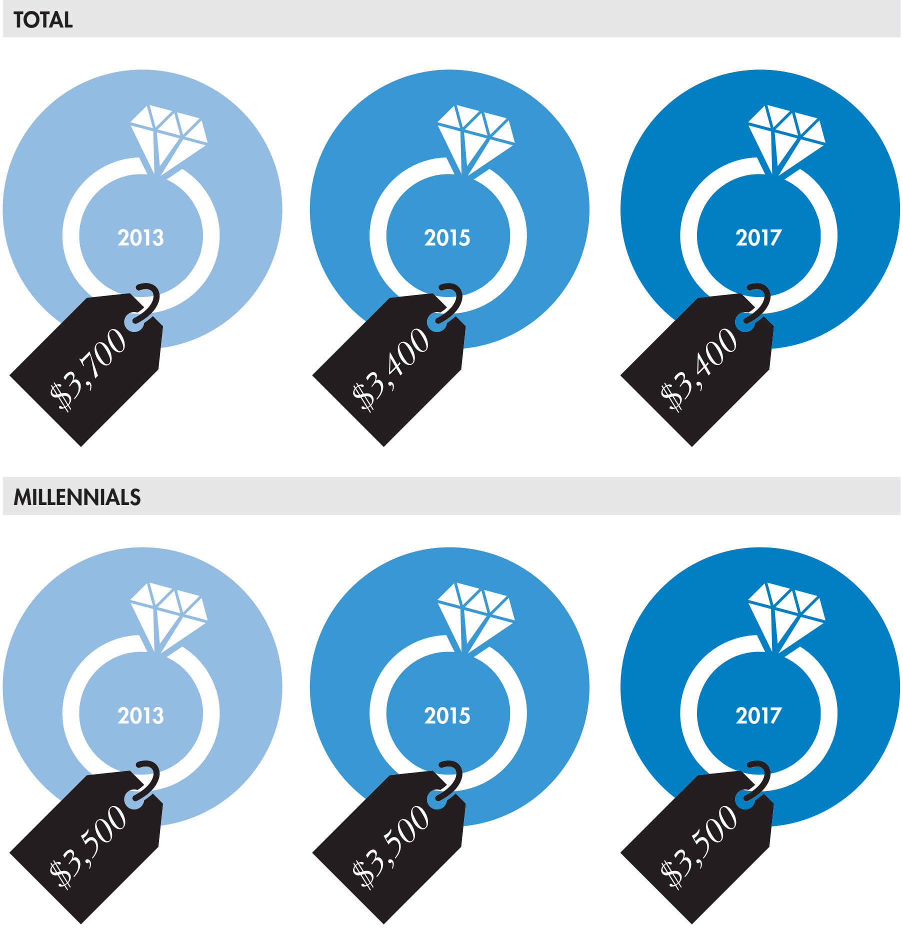
In 2013, 18 per cent of engagement rings had a stone of 25 points or less as the largest stone, but this grew to 21 per cent in 2015 and 28 per cent in 2017.

By contrast, engagement rings where the main stone was over one carat fell from 42 per cent in 2013 to 33 per cent in 2017 (see Fig. 6). However, the average size of main diamonds over one carat was still as high as 2.48 carats.

Despite the increasing use of smaller main diamonds, the total caratage of diamond engagement rings in the US has risen in the same period – up from an average of 1.00 carat in 2013 to 1.45 in 2015 and 1.70 in 2017 (see Fig. 7).

Therefore, the price sensitivity of Millennial consumers and jewellers' willingness to respond to the needs of this younger generation by changing the mix of diamonds used in engagement rings have led to heavier design and greater total diamond content.

***FIG 5:* AVERAGE DIAMOND ENGAGEMENT RING PRICE IN THE US, 2013–2017**
(US DOLLARS)

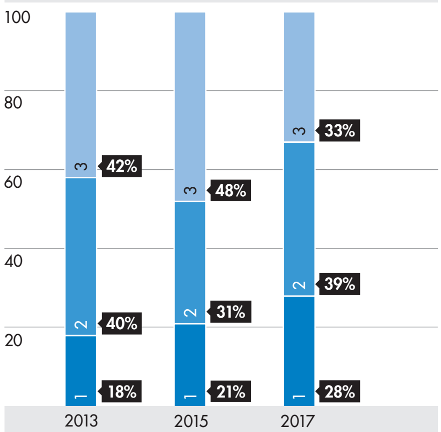


Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

Brides increasingly spend more of their own money on engagement rings

However, an opposing trend is also observable in the US, where the average price of engagement rings is supported by brides more frequently acquiring for themselves and spending an increasing budget. The proportion of engagement rings financed by brides alone has doubled between 2013 and 2017 to 14 per cent of rings (see Fig. 8). What is more, the average spend of grooms has come down 13 per cent in that period, while the average spend of brides has increased by 19 per cent. Thus, in 2017, brides who reported financing the ring themselves spent on average US$4,400, while grooms spent US$3,300 on diamond engagement rings. This emphasises that growing purchasing power among women is a factor to be reckoned with in the commitment space and not only when it comes to self-purchasing of diamond jewellery.

FIG 6: SIZE OF MAIN DIAMOND IN ENGAGEMENT RINGS IN THE US, 2013–2017 (% OF ALL DIAMOND ENGAGEMENT RINGS)



1. Up to 0.25cts 2. 0.26–1.00cts 3. Above 1.00cts

Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

FIG 7: AVERAGE TOTAL DIAMOND WEIGHT OF ENGAGEMENT RINGS IN THE US, 2013–2017 (CARATS)

Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

FIG 8: FINANCING OF THE DIAMOND ENGAGEMENT RING IN THE US BY THE BRIDE-TO-BE (% OF PIECES)

Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

COMMITMENT DIAMONDS
continued

THE RETAIL OPPORTUNITY: WHAT BRIDES ARE ACQUIRING AND HOW IN THE MAIN DIAMOND MARKETS

No other gem is as potent a symbol of love and commitment as a natural diamond

An analysis of the types of jewellery acquired for commitment and more specifically engagement occasions helps identify current consumer preferences and retail opportunities. This section focuses on engagement rings in the US and Japan and wedding jewellery in China[13].

The proportion of diamond-only pieces is high in the main markets – 91 per cent, 95 per cent and 84 per cent of engagement and wedding diamond jewellery acquired in the US, China and Japan respectively, which indicates the strength of the symbolic value of diamonds in the commitment occasion in all three markets (see Fig. 9).

However, the diamond content preferred in these countries is very different – from about a fifth of a carat in China to 1.70 carats in the US (see Fig. 9). Additionally, the different qualities of diamonds used in the different markets affect the average prices, which range from about US$900 in China to about US$3,500 in Japan (see Fig. 9).

FIG 9: **DIAMOND CONTENT AND PRICES OF COMMITMENT JEWELLERY IN THE US, CHINA AND JAPAN**

	Share of diamond-only pieces in bridal diamond acquisition	Average carat weight of main diamond	Average total carat weight of bridal jewellery	Average price for bridal jewellery
	% of total bridal pieces	In carat	In carat	In USD
US	91	1.10	1.70	$3,400
CHINA	95	0.19	0.19	$900
JAPAN	84	0.42	–	$3,500

Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017; Diamond Acquisition Study Japan 2014.

Simple solitaire rings are the top choices for Chinese and Japanese brides, while Americans prefer engagement rings with more design

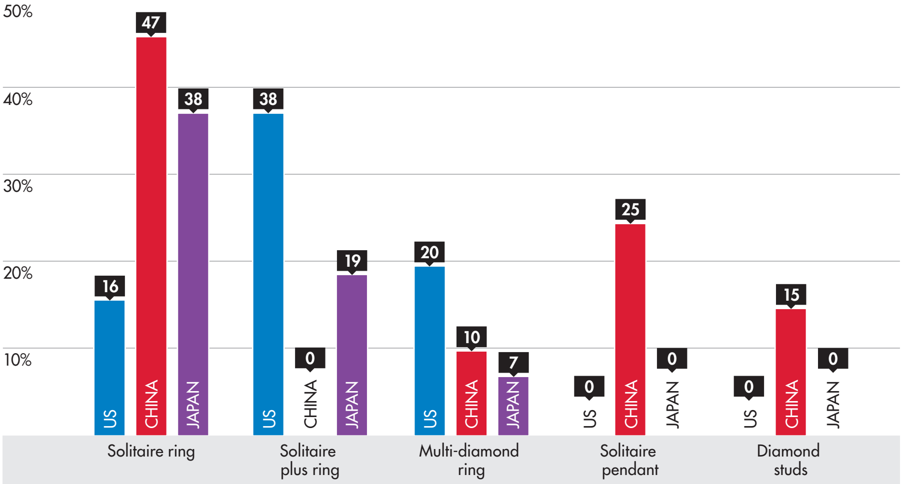
The most popular engagement ring design in the US is one main diamond with smaller diamonds on the side or in a halo surround ('solitaire plus') accounting for 38 per cent of all diamond engagement rings. This kind of design is also popular in Japan with 19 per cent of acquisitions. Pure solitaire rings represent only 16 per cent of commitment acquisitions in the US, but they are the top choice in China and Japan, with nearly half (47 per cent) and 38 per cent of acquisitions respectively (see Fig. 10).

Multi-diamond engagement rings are the second most popular in the US with 20 per cent of acquisitions but have relatively lower appeal in China and Japan with 10 per cent and seven per cent respectively (see Fig. 10).

In China, as commitment jewellery is not limited to rings only, solitaire pendants and diamond studs represent a significant proportion of acquisitions – 25 per cent and 15 per cent respectively (see Fig. 10). Thus, solitaires are the vastly predominant choice for commitment jewellery in China, which explains the similar average carat weights of the main diamond and the total piece for this market (see Fig. 9).

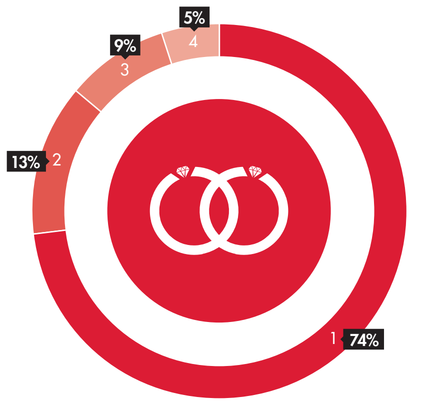
Across the US, China and Japan, a relatively small proportion of commitment diamond jewellery also contains other gemstones. The most frequently used gemstones vary by market with sapphires being most popular in the US, rubies in China and a mix of precious stones such as rubies, emeralds and sapphires in Japan.

***FIG 10:* TOP COMMITMENT DIAMOND JEWELLERY DESIGNS** (% OF COMMITMENT DIAMOND JEWELLERY PIECES ACQUIRED FOR BRIDAL)



Note: The jewellery types included are diamond engagement rings in the US and Japan and bridal pieces in China.
Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017; Diamond Acquisition Study Japan 2014.

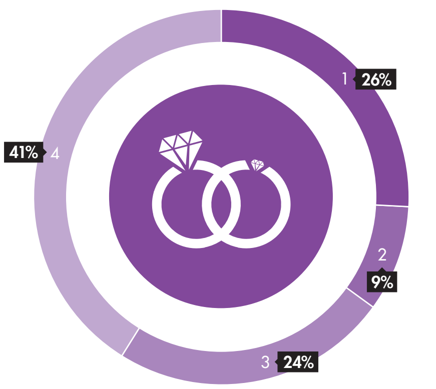
***FIG 11:* TYPE OF COUPLE RINGS ACQUIRED IN CHINA**
(% OF ALL COUPLE RINGS)



1. Platinum couple ring with diamonds
2. Platinum couple ring without diamonds
3. K Gold couple ring with diamond
4. K Gold couple ring without diamond

Source: De Beers Group-commissioned Diamond Acquisition Study China 2017.

***FIG 12:* JAPANESE BRIDES ACQUIRING ENGAGEMENT AND WEDDING RINGS, 2014**
(% OF BRIDES)



1. Both engagement and wedding ring
2. Only engagement ring
3. Only wedding ring
4. No ring

Source: De Beers Group-commissioned Diamond Acquisition Study Japan 2014.

'Couple rings' are popular in China

Another noteworthy feature of the Chinese commitment market is the 'couple ring' – one for her and one for him, which are sold as a set with matching designs. Nearly three-quarters (72 per cent) of women say that they acquire couple rings for their wedding[14].

By far the most popular type of couple ring is one with diamonds – 83 per cent of all couple rings. Platinum rings with diamonds represent about three-quarters (74 per cent) of couple rings, and gold rings with diamonds a further nine per cent (see Fig. 11).

In Japan, the distinction between engagement and wedding ring is becoming increasingly blurred. Between 2000 and 2014, women getting married for the first time were increasingly likely to acquire both types of ring. At the end of this period, just over a quarter (26 per cent) of brides received both, while a further third (33 per cent) received one type of marriage-related ring (with wedding rings more likely than engagement rings to be the only ring acquired) (see Fig. 12).

COMMITMENT DIAMONDS
continued

US brides are more open to different shapes of diamonds, while Chinese and Japanese prefer Rounds and Hearts

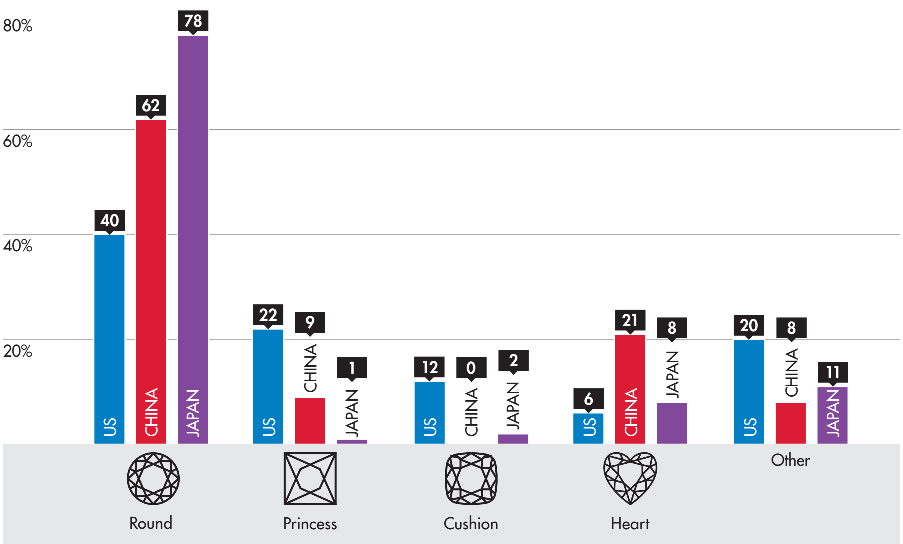
Round cut diamonds continue to be the most common choice for commitment jewellery in all main markets. However, in the US, Round diamonds are losing share to other cuts much more than in the Asian markets. While Rounds account for 40 per cent of pieces in the US, Princess and Cushion cuts have significant shares with 22 per cent and 12 per cent of pieces respectively (see Fig. 13).

The share of Rounds in China and Japan is 62 per cent and 78 per cent of commitment pieces respectively. The only other shape with a significant share in these markets is Heart with 21 per cent in China and eight per cent in Japan. Princess cuts are gaining traction in China with nine per cent of commitment acquisitions (see Fig. 13).

White gold is preferred in the US, but platinum is the metal of choice for brides in China and Japan

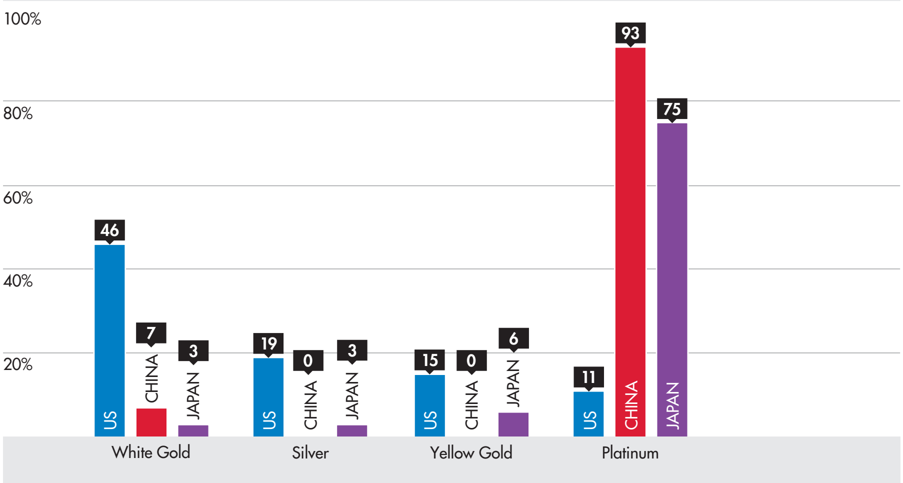
Americans' choice of metal for commitment diamond jewellery is predominantly white gold, accounting for nearly half (46 per cent) of all pieces, while yellow gold accounts for a further 15 per cent. In China and Japan, platinum is by far the most widely used metal, accounting for 93 per cent and 75 per cent of commitment pieces respectively (see Fig. 14).

***FIG 13:* CUT OF DIAMOND USED IN COMMITMENT JEWELLERY PIECES** (% OF DIAMOND JEWELLERY PIECES ACQUIRED FOR ENGAGEMENTS AND WEDDINGS)



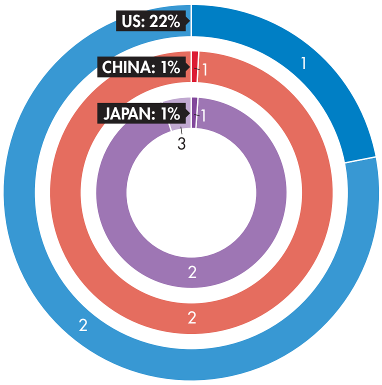
Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017; Diamond Acquisition Study Japan 2014.

***FIG 14:* MAIN METALS USED IN COMMITMENT DIAMOND JEWELLERY** (% OF COMMITMENT DIAMOND JEWELLERY PIECES)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017; Diamond Acquisition Study Japan 2014.

***FIG 15:* MARRIAGE-RELATED ACQUISITIONS ONLINE** (% OF DIAMOND JEWELLERY PIECES ACQUIRED FOR ENGAGEMENTS AND MARRIAGE)



1. Online 2. Instore 3. Other

Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017; Diamond Acquisition Study Japan 2014.

US online marriage-related sales are growing

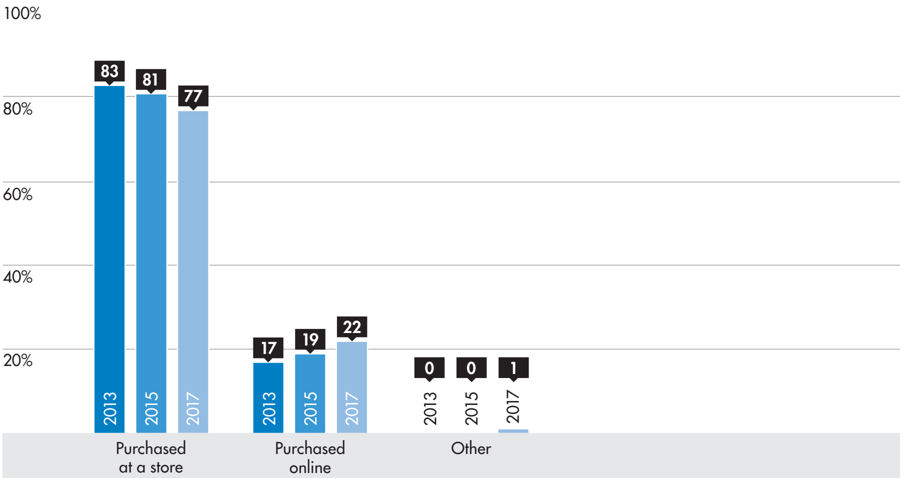
The online channel plays a very different role in the main diamond-consuming markets. In the US, it has gained a significant share, while in China and Japan it remains marginal (see Fig. 15).

In the US, diamond engagement rings are increasingly being purchased online, as the proportion of instore sales falls. Whereas five in six pieces were bought at a bricks-and-mortar outlet in 2013, this had fallen to just over three in four pieces by 2017. At the same time, the digital share increased by five percentage points, from 17 per cent to 22 per cent (see Fig. 16).

Retailers offering e-commerce have become winners as the purchase of diamond engagement rings has started gravitating to that channel. The specialist chains, the mass prestige (or 'masstige') brands such as Tiffany and Gucci, and mass department stores have grown their absolute share of online sales, and their share relative to independent jewellers, and the multi-category big box and pure online retailers[15].

The increased confidence in online, which has come with the development of omni-channel, has allowed consumers to spend more on engagement rings online. Chain jewellers, discounters and membership clubs have seen consumers increasingly spending on more costly products with them. Between 2013 and 2017, the average value of diamond engagement rings purchased through these outlets approximately doubled in value. However, the average amounts spent online at independent jewellers and online-only retailers remained fairly stable[16].

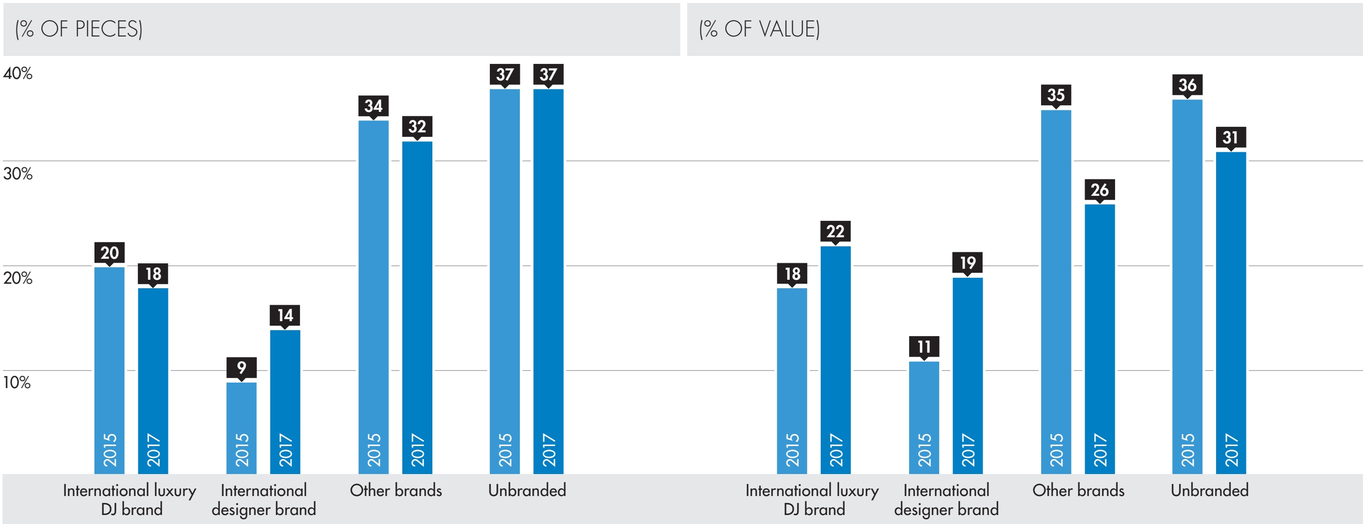
***FIG 16:* EVOLUTION OF US MARRIAGE-RELATED ONLINE PURCHASES, 2013–2017**
(% OF DIAMOND ENGAGEMENT RINGS/MARRIAGE PIECES ACQUIRED)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

COMMITMENT DIAMONDS
continued

***FIG 17:* BRANDED DIAMOND ENGAGEMENT RINGS IN THE US** (% OF DIAMOND ENGAGEMENT RINGS: PIECES/VALUE)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

International luxury and designer brands have grown market share in the US commitment segment

Brands are gaining popularity in the US for commitment acquisitions. International luxury jewellery and international designer brands have grown their share of the US diamond engagement ring market. Together they represented 41 per cent of sales value in 2017, compared with 29 per cent in 2015. Unbranded pieces continue to make up an important part of the market, representing 37 per cent of engagement rings acquired in 2017. While unbranded engagement rings retain a stable share of pieces, their share of value has declined and in 2017 it was 31 per cent (see Fig. 17).

Brands are successful in the commitment segment when they approach the market with a deep understanding of Millennials' attitudes to true love and the changing nature of committed relationships. Earlier in this section, Forevermark's 2019 'I Take You, Until Forever' campaign was highlighted as a way of addressing the new reality of emotions surrounding life-long commitments. Tiffany is another example of a retailer running a campaign with a modern interpretation of true love with the Tiffany True Diamond engagement ring (see Illustration 3). This campaign features three real-life couples and the true love and emotion that drive their stories. Directed by Cass Bird in New York City, the film features Lady Gaga's song 'Is That Alright?' from the movie 'A Star is Born'.

In the US in the 21st century, an increasing number of young people live together before they are married, as discussed further on pages 36–41 of this report. This fact changes the nature and the meaning of the engagement ring for couples. It is no longer the embodiment of new love, but it serves as a reminder of all the precious moments that the couple has already been through together. It is already a celebration of a long relationship. And this is how Millennials and Gen Z aspire to experience love beyond marriage. Love is something that should continue through life and not be just an exceptional moment of happiness. True love lives on through the monotony of daily life and its expressions may be simple, but treasured by the partners. These are the stories that diamond marketers have the opportunity to tell in order to inspire young consumers.

Illustration 3:
Tiffany True Diamond engagement ring.
Source: https://www.youtube.com/watch?v=n1TSQj9ANkI

EXPRESSION OF LOVE TREND 2

PARTNER GIFTING OF NATURAL DIAMONDS BEFORE MARRIAGE AND DURING MARRIED LIFE

Partner gifting before marriage and during married life is a bigger market than commitment diamond jewellery

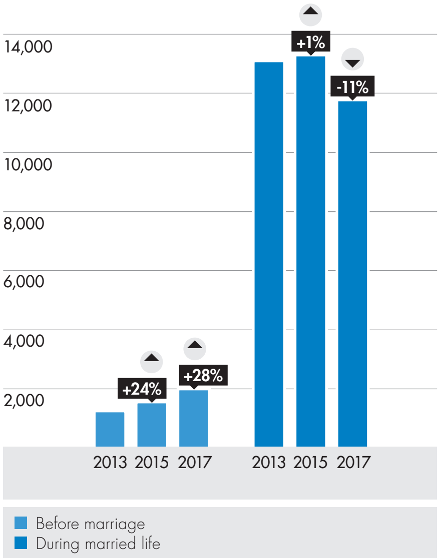
The first section of this report discussed the nuances of commitment love gifting in three of the main diamond-consuming markets in the world. However, as stated earlier, a very significant proportion of love gifting is not related to the engagement or wedding itself. This section focuses on partner gifting before marriage and during married life.

In the majority of cases, gifting from a partner is for a relationship milestone or to celebrate love and partnership. Additionally, partners nowadays gift for a personal milestone and thus express their love. This reflects modern couples' desire to 'live love' and to seek its expressions in everyday life gestures, as well as to celebrate women for their own achievements and not only for their traditional role in the family.

In the US, gifting from partners represented more than a third (36 per cent) of the total value of the women's diamond jewellery market in 2017. However, this proportion has been declining for the past five years due to the value of gifts to married women declining. At the same time, single women have been receiving higher value gifts from partners before marriage and their portion of the market has been growing by double digits (see Fig. 18).

In the US, more than half (55 per cent) of partner gifting value is for pieces celebrating relationship milestones and expressing love and partnership, while in China just under half of partner gifting value (44 per cent) is for these reasons.

***FIG 18:* HISTORICAL TREND IN PARTNER GIFTING BEFORE MARRIAGE AND DURING MARRIED LIFE IN THE US**
(VALUE IN US$M AND % CHANGE Y/Y)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2014, 2016, 2018.

PARTNER GIFTING OF NATURAL DIAMONDS BEFORE MARRIAGE AND DURING MARRIED LIFE
continued

PARTNER GIFTING PRE-MARRIAGE

Partner gifting before marriage in the US represents about 14 per cent of the non-commitment partner gifting, but in China, it is as much as 40 per cent (see Fig. 19).

Partner gifting before marriage in China is largely to celebrate commitment. In the US, it's more about tokens of affection, with Christmas the biggest occasion

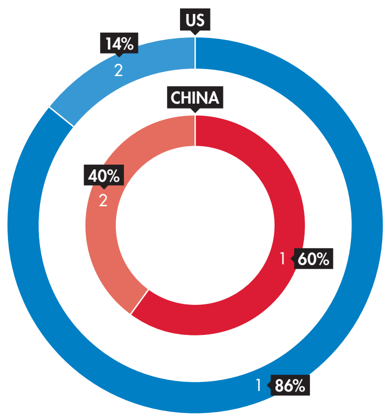
In the first section of this report, it was shown that the commitment diamond custom has become an important and growing trend in China. But the actual process of getting married in China is somewhat different in the US. While in the US the process begins with a proposal and an engagement ring, in China it is much less formal, and different from Western tradition.

The couple make a joint decision to get married, then announce their decision to their families when the formal planning begins. Almost three in five (56 per cent) pieces of diamond jewellery purchased by Chinese couples before marriage are associated with these points in the process, but women do not yet see themselves as engaged. It is these gifts that are considered in this section.

The next stage in the commitment process is the purchase of the main diamond ring that will be used in the wedding ceremonies, which is usually obtained by the couple together. This is what we regard as the engagement ring, discussed in the first section of this report.

It is this different pattern of the pre-wedding process in China that determines the different profile of diamond jewellery obtained before marriage, as compared with the US. Birthdays, Valentine's Day, and national festivals are also important occasions when a single woman will receive a gift from her boyfriend, each accounting for 22 per cent, 12 per cent and 12 per cent of diamond pieces gifted pre-marriage respectively. One in 10 diamond pieces gifted pre-marriage to single women are given for no specific occasion (see Fig. 20).

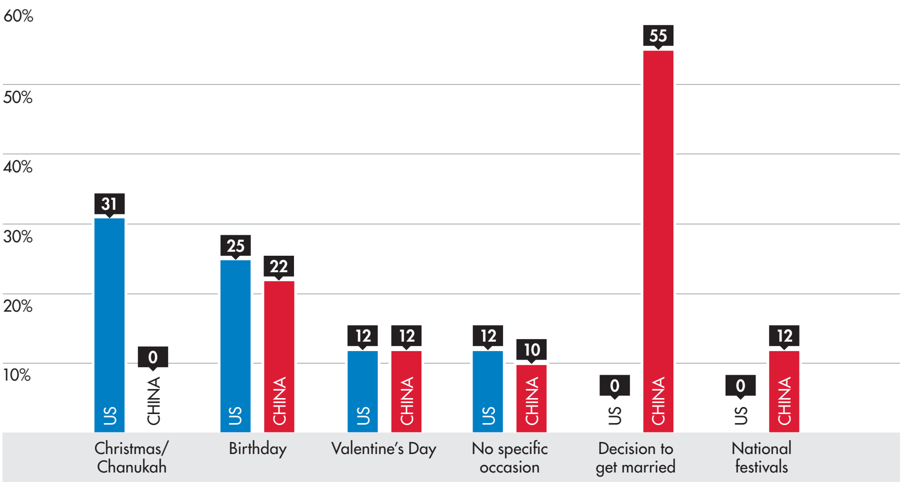
***FIG 19:* NON-COMMITMENT PARTNER GIFTING IN THE US AND CHINA, 2016–17**
(% OF VALUE)



1. During married life 2. Before marriage

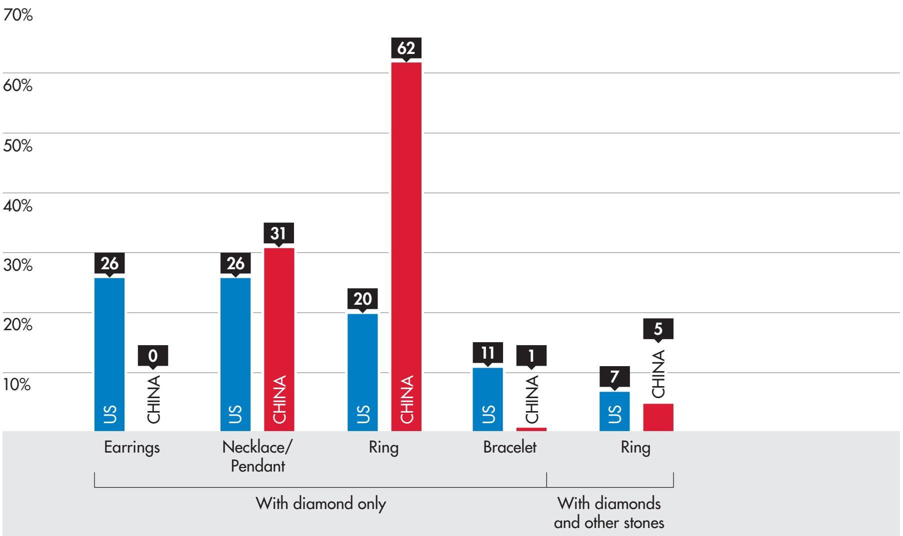
Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017.

***FIG 20:* MOST COMMON GIFTING OCCASIONS PRE-MARRIAGE** (% OF DIAMOND JEWELLERY PIECES)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017.

***FIG 21:* MOST COMMON LOVE GIFTS BEFORE MARRIAGE** (% OF DIAMOND JEWELLERY PIECES)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017.

By contrast, in the US, Christmas is the time of year when single women are most likely to receive diamond jewellery as a love gift from their boyfriend – about one in three pre-marriage acquisitions (31 per cent). After Christmas, birthdays and Valentine's Day are also important triggers for love gifting, with 25 per cent and 12 per cent of diamond pieces gifted pre-marriage. Similarly to China, around one in 10 pieces are gifted for no specific occasion (12 per cent) (see Fig. 20).

Rings are the most popular partner gifts pre-marriage in China, while in the US it is earrings and necklaces

In China, diamond rings are the most popular partner gifts pre-marriage, accounting for two in three pieces (67 per cent) of diamond jewellery received from a boyfriend by single women (see Fig. 21).

This is in line with the predominance of celebrating the decision to get married, and indeed about three-quarters of these rings are solitaires and the remaining quarter have one main stone and smaller diamonds[17].

Diamond-only necklaces or pendants are next most popular in China and represent 29 per cent of partner gifts for single women (see Fig. 21).

In the US, diamond earrings and necklaces/pendants (26 per cent of pieces each) are the gifts single women most often receive from partners and boyfriends (see Fig. 21). About half of the earrings are studs (with one diamond in each earring). A variety of necklace/pendant styles are popular, including solitaire plus in halo or other setting and graduated line necklaces[18].

The average price of pre-marriage partner gifting in China is higher than that in the US because of the predominance of the commitment occasion in this type of gifting. The average amount spent in China is the equivalent of US$1,250, compared with US$950 in the US.

PARTNER GIFTING OF NATURAL DIAMONDS BEFORE MARRIAGE AND DURING MARRIED LIFE
continued

PARTNER GIFTING DURING MARRIED LIFE

The post wedding partner gifting market is bigger than the pre-marriage market

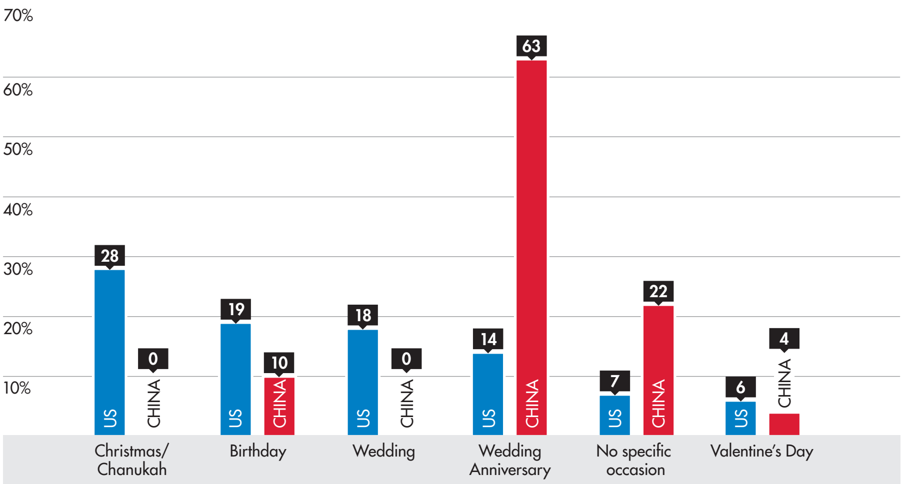
As discussed earlier, in both China and the US, the value of the love gifting market for diamond jewellery during married life – that is, jewellery received by married women from their husbands – is even bigger than the pre-marriage market. In China, it represents 16 per cent of all diamond jewellery sales, compared with 11 per cent pre-marriage. In the US, it represents nearly a third (31 per cent) of all sales, compared with only five per cent pre-marriage[19].

Whereas more is spent on average per piece in China than in the US pre-marriage, the reverse is true in the post wedding market. American wives receive gifts worth US$1,730 on average, while Chinese husbands spend on average the equivalent of US$1,320.

American husbands spend twice as much as single men on partner gifts

Looking at this another way, husbands in the US spend about double the amount that single men do on diamond jewellery gifts, but in China expenditure by husbands only slightly exceeds the amount that single men spend.

***FIG 22:* MOST COMMON PARTNER GIFTING OCCASIONS DURING MARRIED LIFE**
(% OF DIAMOND JEWELLERY PIECES)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017.

In China, wedding anniversaries trigger most partner gifts to married women, while in the US there is a range of occasions

In the US, a whole variety of occasions prompt husbands to give their wives diamond jewellery – Christmas, birthdays, non-commitment wedding gifts and wedding anniversaries in particular. Of these, Christmas is the most important, accounting for over a quarter of gifts (28 per cent) of this type (see Fig. 22).

By contrast, in China, diamond jewellery is gifted principally to celebrate a wedding anniversary – this represents 63 per cent of all post wedding love gifts.

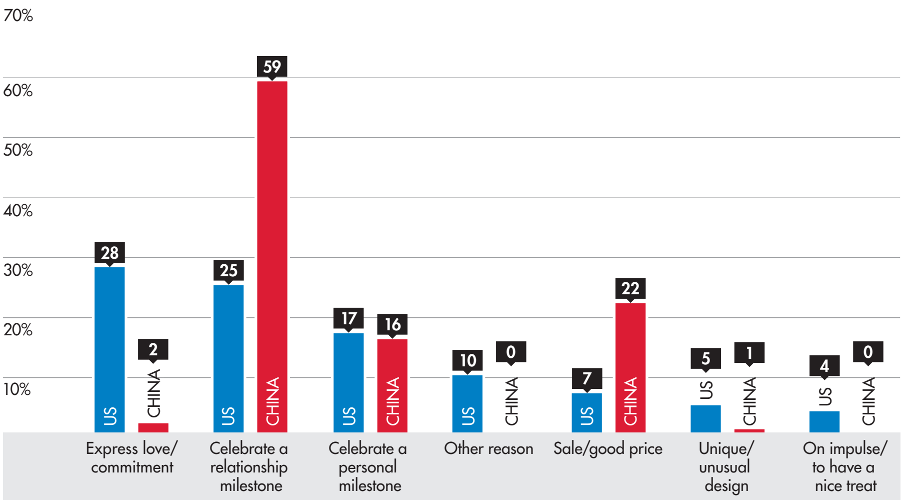
In line with occasions, the most common gifting motivations for husbands are related to the marriage or the pure expression of love. However, it is worth noting that a considerable proportion of gifts in both the US (17 per cent) and China (16 per cent) are for the wife's personal achievements (see Fig. 23). This points to the importance of non-linear and non-relationship moments, which are becoming more important in the family dynamic, with the empowerment of women both in the family and in the broader social context (see the De Beers Group Diamond Insight Report 2017).

Post wedding, diamond solitaire rings are the pieces most often gifted by Chinese husbands, while American husbands gift a wider range of jewellery

In China, over half (57 per cent) of the pieces gifted by husbands to their wives are diamond-only rings, usually solitaires (55 per cent). However, other types of jewellery gifted by husbands include not only necklaces/pendants (25 per cent of gifts from husbands and practically all solitaires) – as in the pre-marriage market – but also diamond earrings (12 per cent of gifts from husbands of which eight per cent are studs), which hardly figure as pre-marriage gifts to women in China (see Fig. 24).

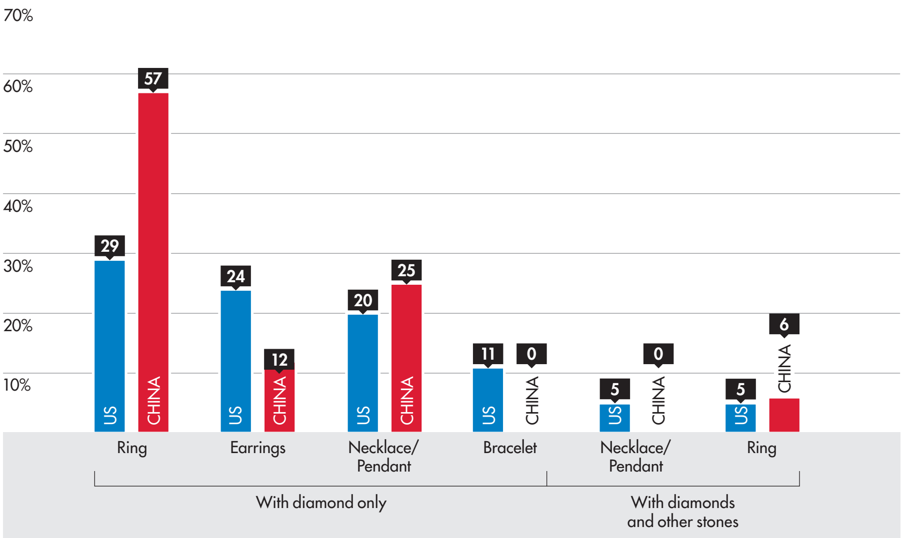
In the US, husbands are most likely to give their wives a diamond ring as a love gift (over a quarter of pieces, 29 per cent), but earrings (24 per cent) and necklaces/pendants (20 per cent) are almost equally popular (see Fig. 24). These three types of jewellery are what also tend to be given most often as love gifts to women pre-marriage.

***FIG 23:* MOST COMMON PARTNER GIFTING MOTIVATIONS DURING MARRIED LIFE** (% OF DIAMOND JEWELLERY PIECES)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017.

***FIG 24:* MOST COMMON PARTNER GIFTS DURING MARRIED LIFE** (% OF DIAMOND JEWELLERY PIECES)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018; Diamond Acquisition Study China 2017.


3

EXPRESSION OF LOVE TREND 3

LOVE GIFTING OF NATURAL DIAMONDS BY COHABITING COUPLES IN THE US

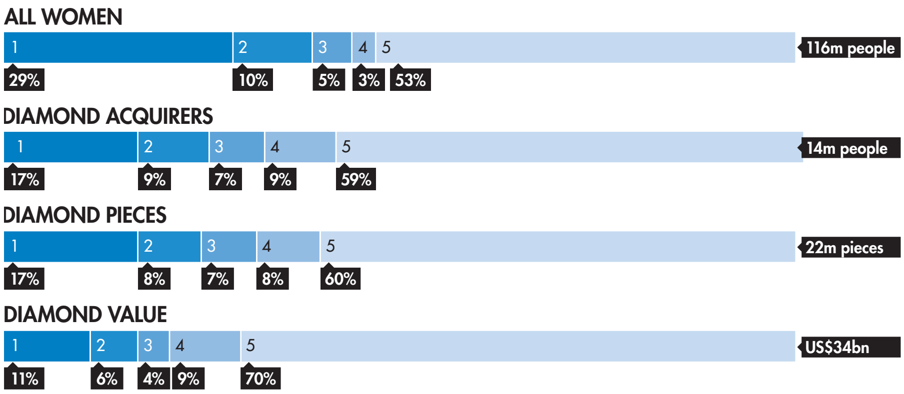
Cohabiting is a growing trend in the US. Cohabiters are younger and have lower average household incomes than married couples, which determines their lower average spend on diamond jewellery. However, cohabiting women desire diamonds as much as married women and gifting represents nearly three-quarters (72 per cent) of the value of their diamond acquisitions. Gifts from partners are nearly half (45 per cent) of all gifts' value and the majority of that is love-related gifting. The occasions for love gifting vary depending on whether the couple intends to marry or not, so the overall repertoire is broad and presents an interesting opportunity for the trade to meet diverse preferences.

As marriage rates have fallen, the number of US adults in cohabiting relationships has continued to climb, reaching about 18 million in 2016. This is up 29 per cent since 2007, according to US Census Bureau data. Roughly half of cohabiters in the US are younger than 35, but cohabiting has grown most among the over 55s – a 75 per cent increase between 2007 and 2016[20].

Cohabiting women represent 10 per cent of the female diamond market value

Cohabiting women in the US were included in the before marriage partner gifting discussed in the previous section. Here, the focus is entirely on these women to enable a comparison between them and married women.

FIG 25: **US FEMALE DIAMOND CONSUMER SEGMENTS** (% OF RESPECTIVE GROUP IN FEMALE DIAMOND MARKET)



1. Single, no relationship 2. Cohabiter, will not marry 3. Cohabiter, will marry 4. Engaged 5. Married

Source: De Beers Group-commissioned Diamond Acquisition Study US 2018.

In the US Diamond Acquisition Study 2018, 15 per cent of adult women describe themselves as cohabiting – one-third of these intending to marry one day, with the rest having no intention of doing so. This 15 per cent group in the female population accounts for 15 per cent of diamond jewellery pieces acquired, but for only 10 per cent of spend (see Fig. 25). It is clear that the average expenditure on diamond jewellery for cohabiting women is lower than for married women.

In the overall cohabiters' diamond jewellery market, 72 per cent of the value is represented by gifts and 45 per cent is gifts from partner/boyfriend. The romantic love gifting from partner/boyfriend for celebration of relationship milestones or simply to express love and commitment is 29 per cent of cohabiters' value[21].

LOVE GIFTING OF NATURAL DIAMONDS BY COHABITING COUPLES IN THE US continued

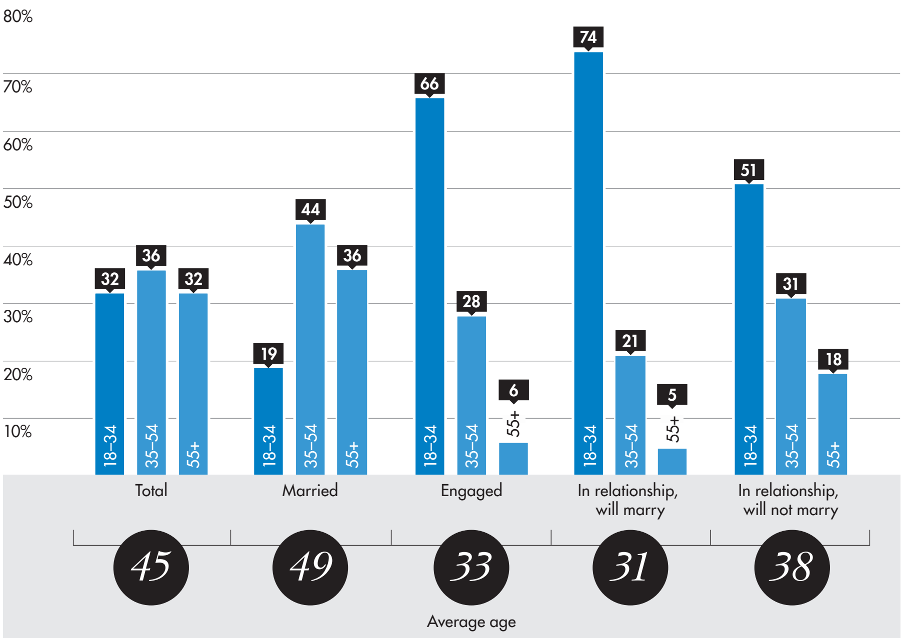
HOW ARE COHABITING WOMEN DIFFERENT FROM MARRIED WOMEN?

Cohabiting women are younger than married women and less likely to have children

In the US Diamond Acquisition Study, the average age of married women is 49 years and that of engaged women is 33 years[22]. Among the cohabiting women, those intending to marry have an average age of 31, as against 38 for those who will not marry (see Fig. 26).

Cohabiting women are much less likely to have children than married women – about two-thirds of cohabiting women have no children (68 per cent of those intending to marry and 58 per cent of those who will not marry), compared with only one-fifth (22 per cent) of married women[23]. This means that they potentially have greater scope to spend on themselves within the limits of their disposable income.

***FIG 26:* AGE PROFILE OF COHABITING WOMEN IN THE US VS MARRIED AND ENGAGED WOMEN** (% OF WOMEN IN EACH GROUP)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018.

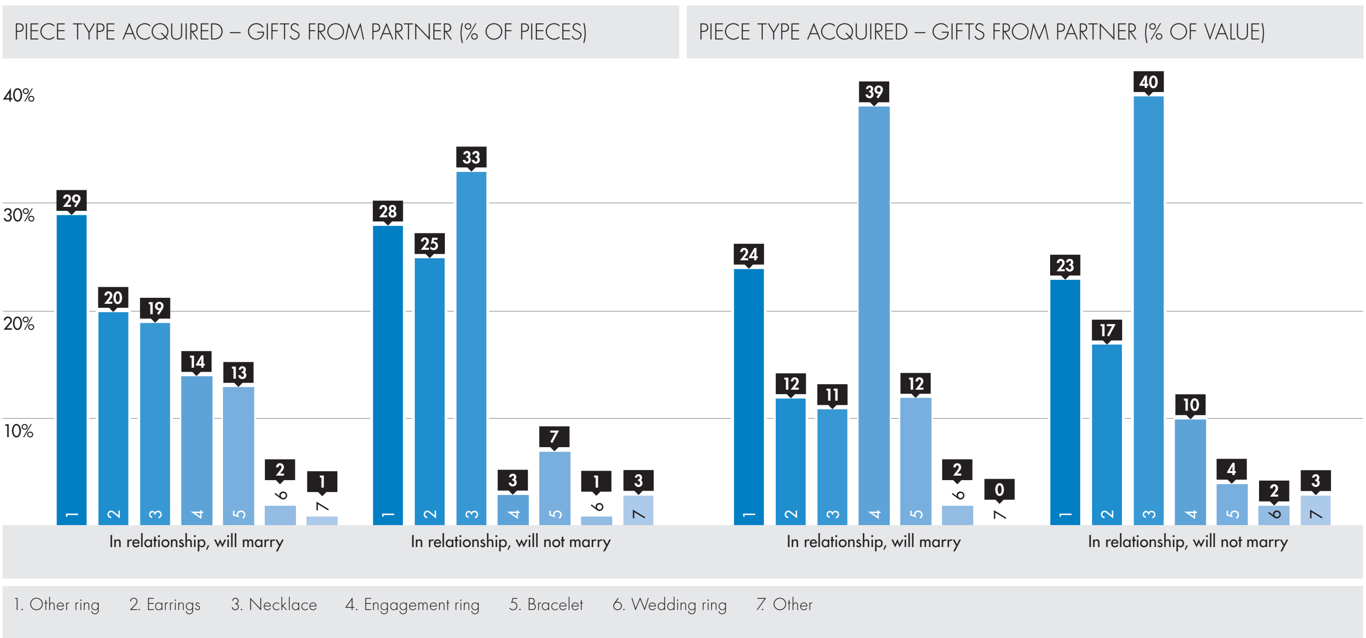
Cohabiting women have lower household income than married women

Cohabiting women have lower household incomes than married women and this could be due to their younger age among other factors. Those who are in a relationship and not intending to marry have an average household income of US$60,000, similar to those intending to marry, US$63,700. However, this compares with an average household income for married women that is higher by half, at US$96,700.

Cohabiting women desire diamonds as a gift as much as married women do

Diamonds have the same appeal to cohabiting women as to married women. Diamonds rank ahead of other luxury items such as other fine jewellery and watches, designer clothing and accessories[24].

***FIG 27:* DIAMOND JEWELLERY TYPES ACQUIRED BY COHABITING WOMEN**
(% OF DIAMOND JEWELLERY PIECES AND VALUE IN EACH GROUP)



Source: De Beers Group-commissioned Diamond Acquisition Study US 2018.

Cohabiting women who intend to marry often receive engagement rings, but those that will not marry receive other types of diamond jewellery

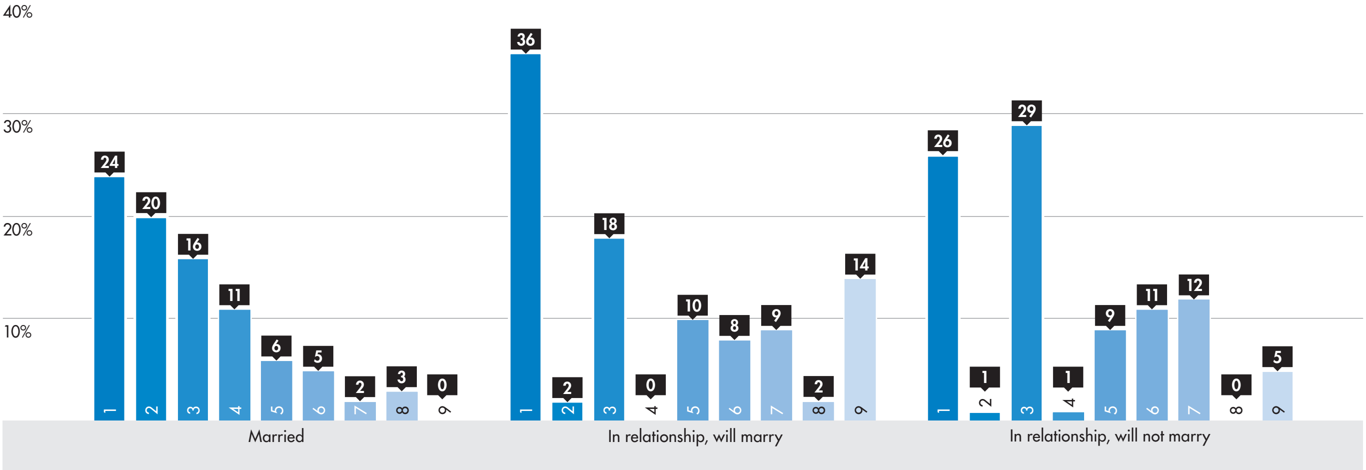
Even though cohabiting women have not gone through engagement and wedding milestones and some of them do not intend to, many still receive engagement rings from their partners. Fourteen per cent of diamond jewellery gifted to those who intend to marry by their partner is an engagement ring, and among those who do not intend to get married this proportion is three per cent of jewellery pieces gifted by partners. However, in terms of value, diamond engagement rings represent as much as 39 per cent by value of love gifts received by cohabiting women who intend to marry, and 10 per cent of those received by women who intend to stay unmarried (see Fig. 27).

Besides engagement rings, partners intending to marry most often gift other types of rings, while those who do not intend to marry most often gift necklaces. Consequently, rings account for about two-thirds (65 per cent) of all love gifts by value received by women who intend to marry, and about a third (35 per cent) for women who want to remain unmarried (see Fig. 27).

Earrings and necklaces represent 58 per cent of the number of pieces received by cohabiting women who do not intend to marry and for a very similar proportion of value. Although women who intend to marry also receive earrings and necklaces, this is less common, accounting for 39 per cent of pieces. However, the value of this segment is lower (at 23 per cent) indicating the lower average amounts spent on pieces of these sorts among couples intending to marry (see Fig. 27).

LOVE GIFTING OF NATURAL DIAMONDS BY COHABITING COUPLES IN THE US
continued

***FIG 28:* MOST COMMON GIFTING OCCASIONS AMONG COHABITERS**
(% OF DIAMOND JEWELLERY PIECES AND VALUE IN EACH GROUP)



1. Christmas/Chanukah 2. Your wedding 3. Your birthday 4. Your wedding anniversary 5. No specific occasion
6. Valentine's Day 7. Another special occasion 8. Mother's Day 9. Your engagement

Source: De Beers Group-commissioned Diamond Acquisition Study US 2018.

Christmas and birthdays are universal occasions for love gifting

The most common triggers for cohabiting women to receive diamond jewellery are Christmas and birthdays. Together these account for more than half of the pieces gifted for love. Valentine's Day is celebrated with diamond jewellery more frequently by couples who do not intend to marry – more than twice as often as married couples (see Fig. 28).

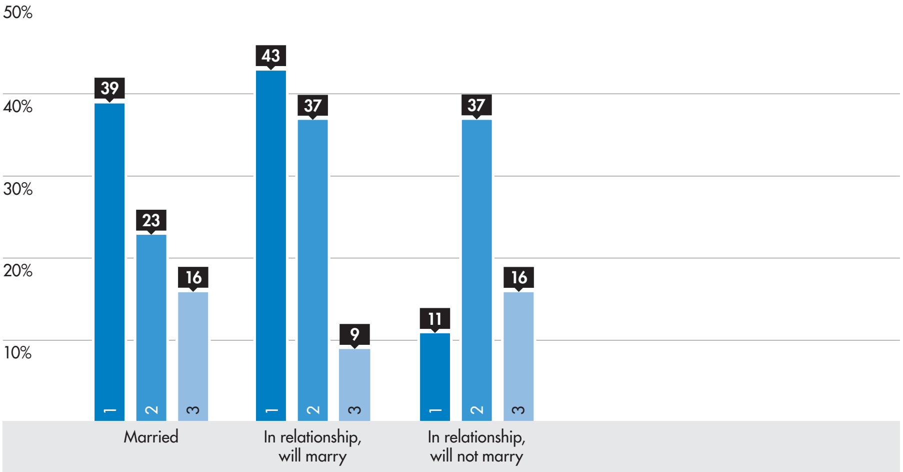
Cohabiters tend to receive more gifts from partners for non-traditional or non-specific occasions than married women do. This is a sign of these less traditional couples embracing the non-linear moments in the celebration of their relationship (see Fig. 28).

The greatest value in gifting from partners in the cohabiters segment is for love and commitment

Among those in a relationship and intending to marry, celebration of a relationship milestone and expression of love account for the vast majority of value of gifts from partners (80 per cent), which is higher than the same type of gifting among married women (62 per cent) (see Fig. 29).

Among cohabiters who do not intend to marry, the greatest value is locked in gifts that express love and commitment (37 per cent). Gifts for personal milestones are equally important for married couples and for those who do not intend to marry (16 per cent of value for each), but less important among those intending to marry (see Fig. 29).

FIG 29: **MOST COMMON GIFTING MOTIVATIONS BY PARTNER AMONG COHABITERS**
(% OF DIAMOND JEWELLERY VALUE)



1. To celebrate/commemorate a relationship milestone
2. To express love and/or commitment
3. To celebrate/commemorate a personal milestone

Source: De Beers Group-commissioned Diamond Acquisition Study US 2018.


4

EXPRESSION OF LOVE TREND 4

LOVE GIFTING OF NATURAL DIAMONDS BY SAME-SEX COUPLES

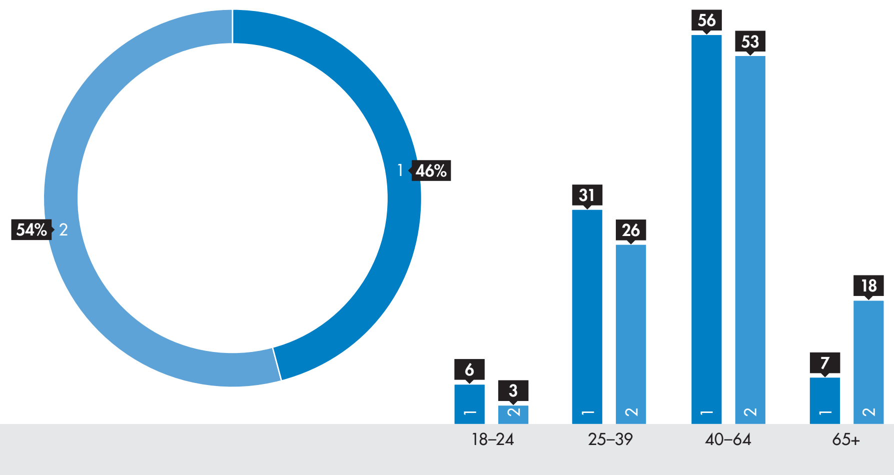
Perhaps one of the biggest social changes in recent years has been the increasing acceptance of same-sex relationships and the legalisation of same-sex marriages in 29 countries. In the US, same-sex marriages have been legal in some states, such as Massachusetts, since 2004 and in 2015 a Supreme Court ruling legalised the practice across the whole country. In China, while same-sex relations are not illegal, same-sex marriage has not been legalised. An important milestone in the process of banning discrimination against LGBT+ people in China was the Chinese government's adoption in 2019 of the UN Human Rights Council's recommendation on LGBT+ rights.

There are over half a million same-sex couples in the US

It is estimated that 4.5 per cent of adults in the US – 11.3 million people – identify as LGBT+[25]. The UCLA School of Law estimates that this includes 646,500 same-sex couples. Just under half (46 per cent) of these are male couples and just over half (54 per cent) female (the report does not include non-binary individuals). Same-sex couples tend to be somewhat younger than heterosexual couples (see Fig. 30), with an average age of 45, compared with 50 for different-sex couples.

Same-sex couples have a higher average income than different-sex couples – US$56,000 vs US$46,000 – and are more likely to have had a college education – half (51 per cent) vs one-third (34 per cent)[26]. Later in this section, it becomes clear how these different demographics affect demand for diamonds among same-sex couples, leading to desire for more unique designs, higher spend, preference for brands and the importance of online shopping.

***FIG 30:* US SAME-SEX COUPLES BY GENDER AND AGE**
(% OF TOTAL)



Source: https://williamsinstitute.law.ucla.edu/visualization/lgbt-stats/?topic=SS#density

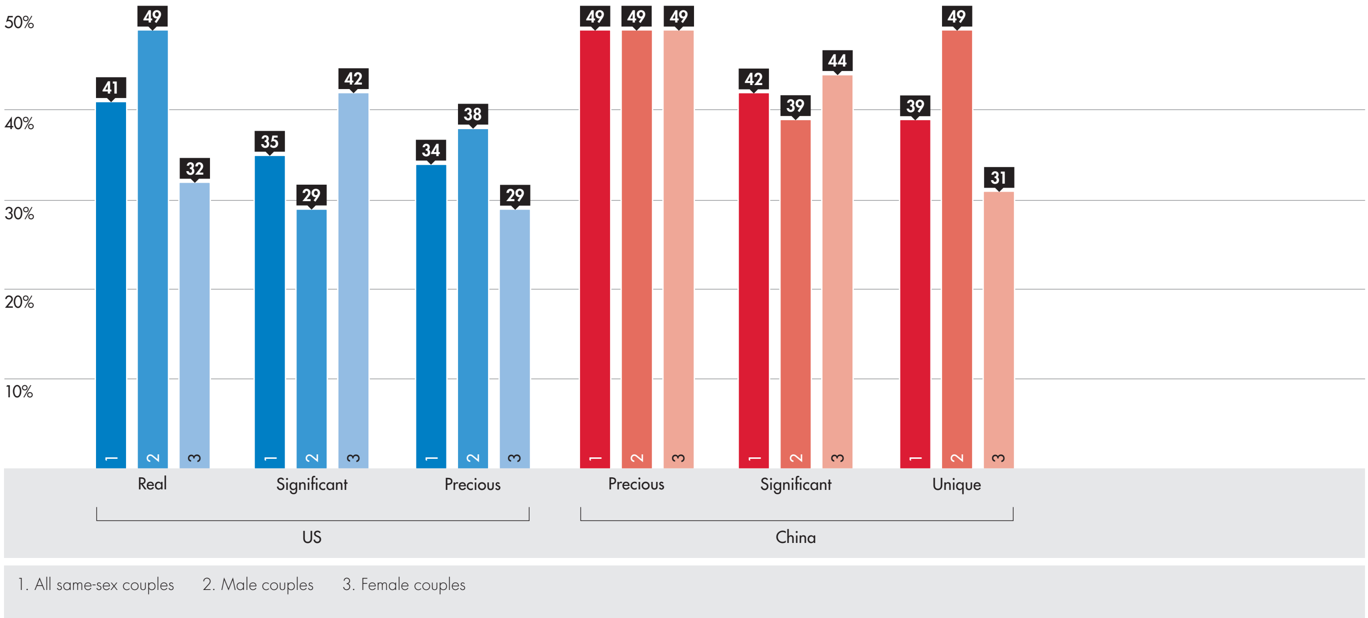
Among same-sex couples, diamonds are synonymous with loving and memorable events

In 2019, for the first time, De Beers Group commissioned research into same-sex couples in the US and China. The study involved both a quantitative survey and in-depth interviews with couples. The survey was answered by 124 individuals in same-sex relationships in the US and 175 in China and the findings are presented in this section.

In the US, people in same-sex couples most frequently associate diamonds with occasions that are loving (11 per cent of same-sex couples), memorable (10 per cent) and meaningful (10 per cent) with both male and female same-sex couples expressing very similar views. In China, memorable is the most common association (15 per cent), followed by precious (10 per cent) and loving (nine per cent)[27]. Female same-sex couples are more likely than male to associate diamonds with precious or loving occasions, while male same-sex couples are more likely than female couples to associate them with memorable occasions.

LOVE GIFTING OF NATURAL DIAMONDS BY SAME-SEX COUPLES continued

FIG 31: **DESCRIPTION OF RELATIONSHIPS WORTHY OF A DIAMOND GIFT IN THE US AND CHINA AMONG SAME-SEX COUPLES**
(TOP 3, % OF RESPONDENTS IN SAME-SEX RELATIONSHIPS)



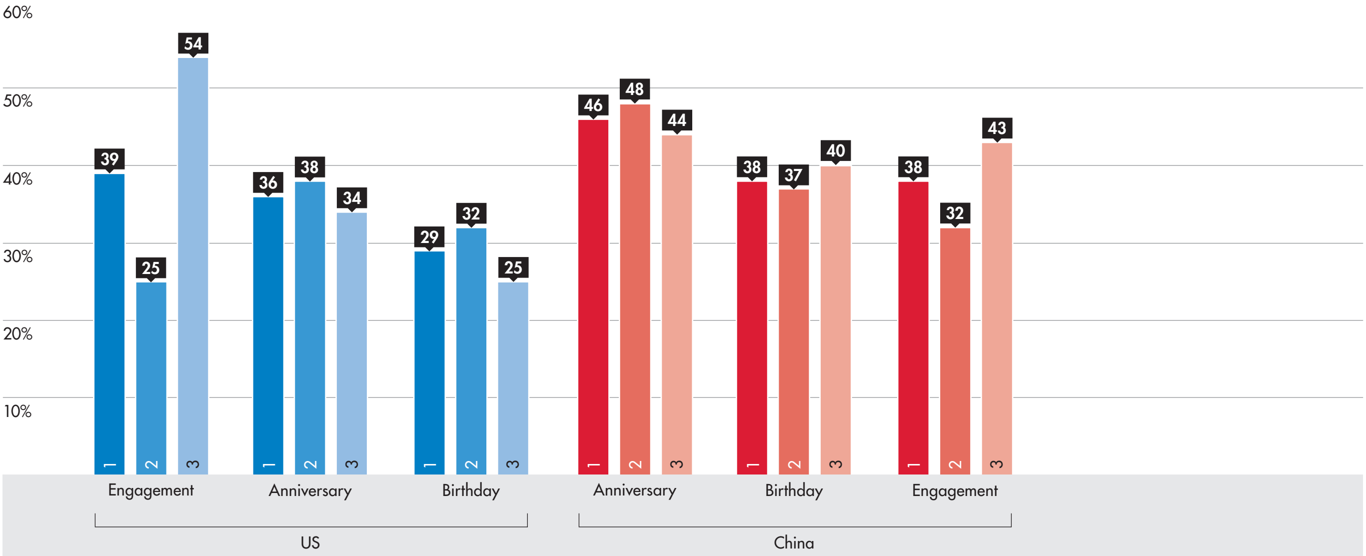
Source: De Beers Group-commissioned survey of adults in same-sex couples, 2019.

When it comes to describing the relationship for which diamonds could be gifted, people in same-sex relationships use words such as real, significant, precious and unique (see Fig. 31). Among same-sex couples in the US, there are some interesting differences between male and female couples with male couples most likely to say real, unique or precious (49 per cent, 46 per cent and 38 per cent of male same-sex couples respectively) whereas female same-sex couples are most likely to say lasting, significant, and real (44 per cent, 42 per cent and 32 per cent of female same-sex couples respectively). By contrast, male and female same-sex couples in China tend to hold more similar views, though male same-sex couples are more likely than females to say unique.

People in same-sex relationships also believe that diamonds are important in celebrating life's special events. In the US, 30 per cent believe they are extremely important and a further 42 per cent believe they are very or somewhat important. Interestingly, male couples in the US are much more likely than female couples to believe that diamonds are extremely important in celebrating life's special events (46 per cent of male same-sex couples compared with just 12 per cent of female same-sex couples). More than seven in 10 (72 per cent) of people in same-sex relationships in China think that diamonds are important in special celebrations (12 per cent extremely important; 60 per cent very/somewhat important). However, in contrast to the US there are no marked differences between male and female same-sex couples.

In China, desire for diamonds among people in same-sex relationships is high. Diamonds rank third in the preference for luxury items and experiences, only behind holidays abroad and consumer electronics and on a par with gold[28]. Among Chinese females in same-sex couples, diamonds are second in preference behind holidays abroad. In the US; however, desire for diamonds is lower down the priority list of people in same-sex couples. As in China, among female same-sex couples in the US, diamonds rank much higher and are the fifth most desired item.

FIG 32: **MAIN OCCASIONS FOR GIFTING DIAMOND JEWELLERY AMONG SAME-SEX COUPLES**
(TOP 3, % OF RESPONDENTS IN SAME-SEX RELATIONSHIPS)



1. All same-sex couples 2. Male couples 3. Female couples

Source: De Beers Group-commissioned survey of adults in same-sex couples, 2019.

Consumers in same-sex relationships tend to have higher than average ownership of diamond jewellery. In the US, it is 92 per cent of all people in same-sex relationships and in China it is 84 per cent. In both markets, women in same-sex relationships are more likely than men to own a piece of diamond jewellery. The most commonly owned pieces overall are wedding rings (56 per cent and 49 per cent of people in same-sex relationships in the US and China respectively) and engagement rings (52 per cent and 27 per cent respectively)[29].

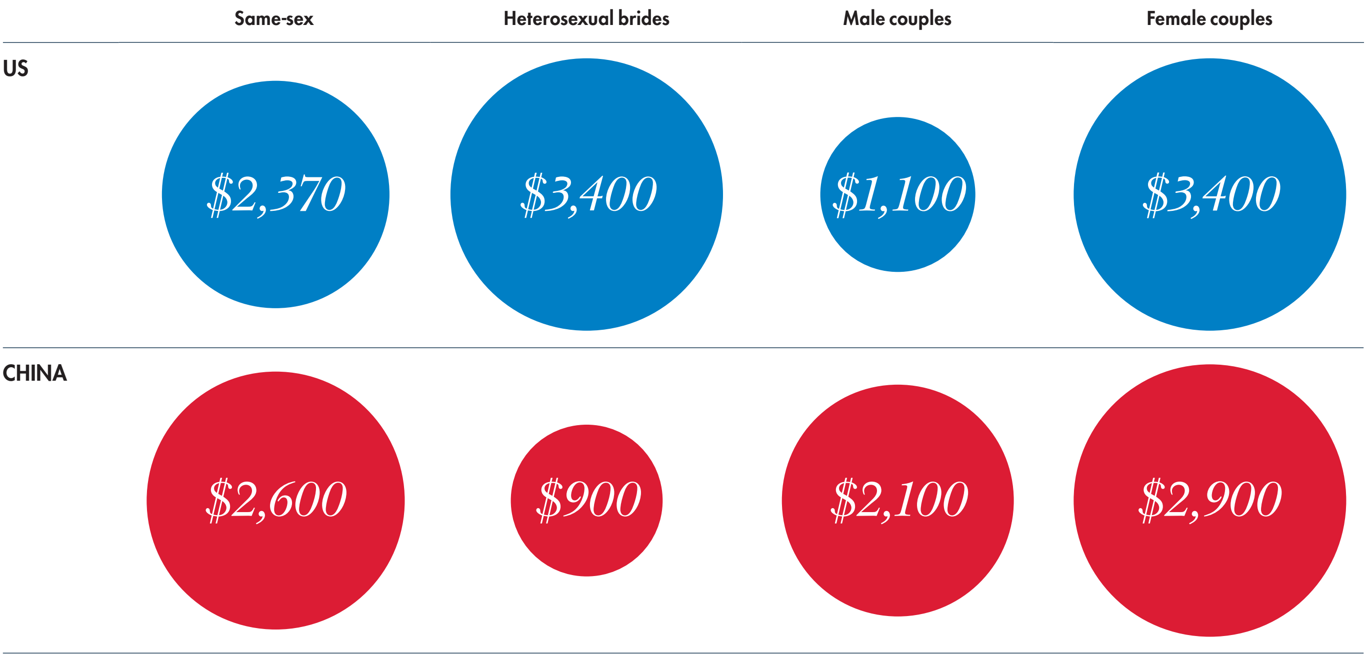
When split out by gender, there are again some differences among same-sex couples in the US with the piece types most commonly owned by male couples being wedding rings and earrings (owned by 52 per cent and 51 per cent respectively) while for female couples in the US, this is engagement rings followed by wedding rings (63 per cent and 61 per cent respectively). In China, wedding rings and engagement rings are the most commonly owned diamond jewellery pieces by both men and women.

Relationship milestones are the most important triggers for gifting

The high level of diamond ownership among same-sex couples is due to the fact that the main occasions for which partners gift each other diamonds are precisely engagements and anniversaries (see Fig. 32). In the US, women in same-sex relationships are significantly more likely than men to receive a diamond for their engagement. In this respect, same-sex couples are very similar to heterosexual couples where commitment and other love gifting form about half of the total market value, as discussed in previous sections.

LOVE GIFTING OF NATURAL DIAMONDS BY SAME-SEX COUPLES continued

***FIG 33:* AVERAGE SPEND ON ENGAGEMENT RINGS AMONG SAME-SEX COUPLES AND HETEROSEXUAL BRIDES IN THE US AND CHINA** (US$)



Source: De Beers Group-commissioned survey of adults in same-sex couples, 2019.

The market for love gifting among same-sex couples is noteworthy, as love related occasions are important and average spend is high

Same-sex partners in the US acquire engagement rings with main diamonds that are on average only slightly smaller than for heterosexual bridal women – 1.04 carats and 1.10 carats, respectively. However, male same-sex couples in the US acquire engagement rings with significantly larger main diamonds than female couples – 1.36 carats and 0.76 carats respectively.

In China, same-sex couples acquire much larger diamonds than heterosexual brides – 0.90 carats vs 0.19 carats respectively. Similarly to same-sex couples in the US, Chinese gay males acquire larger diamonds than females – 0.97 carats and 0.86 carats respectively.

The attraction to large diamonds results in high average prices paid for engagement rings. In the US, the average price is somewhat lower than for heterosexual brides, but in China average spend is considerably higher (see Fig. 33).

High preference for branded engagement diamond jewellery

The high spend among same-sex couples is driven also by the relatively high proportion of branded engagement diamond jewellery. In the US, 60 per cent of same-sex couples acquired a branded engagement ring with male couples much more likely than females to acquire a branded piece. Within the 60 per cent of branded acquisitions, 27 per cent claimed to have acquired a diamond brand such as Forevermark™ or Hearts on Fire. In China, all engagement rings were perceived to be from a brand. This includes retailer brands such as Chow Tai Fook and Lao Feng Xiang, which have a share of 46 per cent of acquirers in this consumer segment and no significant differences by gender.

When an engagement happens, yes there will be rings. Symbolism is important – I love it… I want unique."

MALE COUPLE, US

We are planning to get married. Diamonds are a must during engagement. It is a long-existing ritual we don't want to miss out on."

FEMALE COUPLE, CHINA

Diamond is the best material. It represents a deeper meaning, it is incredibly strong, transparent and clear. If a diamond appears in front of you, then your partner wants to make a lifelong commitment to you."

MALE COUPLE, CHINA

We bought a pair of earrings, and we each wear one at the same spot on our left ear."

FEMALE COUPLE, CHINA

Source: De Beers Group-commissioned qualitative study of same-sex couples in the US and China, 2019.

One partner choosing and paying for a ring to gift the other is most common

Choosing a diamond engagement ring in the US is often done by one partner for the other (44 per cent of same-sex couples). This is much more common among female couples in the US with six in 10 women saying their partner chose their engagement ring for them, while in male couples the ring is more likely to be chosen together (41 per cent of male couples). In China, engagement rings are most often self-chosen (40 per cent) which is consistent across male and female couples. When it comes to diamond wedding rings, in the US partner choice is most common (36 per cent of people) and is again more common in female couples whereas male couples are most likely to have chosen the ring themselves. Joint decision making on wedding rings is almost equally popular (33 per cent). In China, the wedding ring decision is definitely a joint decision with 45 per cent of individuals stating this is the case with no differences between genders.

For both diamond engagement and wedding rings, it is most common for the giving partner to pay both in the US and in China, with around half of people stating this[30].

Online usage mirrors different-sex couples' usage in the US, but is much bigger in China

As with different-sex couples, over a fifth (22 per cent) of same-sex couples in the US purchase diamond engagement rings online, and 26 per cent in the case of wedding bands. There are some interesting differences between male and female same-sex couples, however, with men being much more likely than women to purchase the engagement ring online (41 per cent of men compared with just eight per cent of women), while women are more likely to have purchased in person at a store (86 per cent of women compared with 56 per cent of men). In China, where online buying of diamonds is generally insignificant, same-sex couples favour this channel disproportionately, with 19 per cent getting their engagement ring online and nine per cent their wedding ring. As is the case in the US, men are more likely than women to purchase online (both engagement ring and wedding ring).

The higher than average preference for online purchasing points to two important specifics of diamond acquisition in same-sex relationships – desire for greater privacy and more product choice.

LOVE GIFTING OF NATURAL DIAMONDS BY SAME-SEX COUPLES continued

I'd want something that's my style, and something that pops a bit, but not gaudy and gauche. I don't want a traditional, raised, female setting. But don't want the typical guy setting flat and set in, either. I want a band with stones ever so slightly raised."

MALE COUPLE, US

I want more non-traditional. The popular ones are big stone and blingy, I would catch it (ie the centre diamond stone) on things."

FEMALE COUPLE, US

Same-sex couples prefer jewellery that is different and unique

In the US and China, both genders express their preference for unusual jewellery design. They do not feel comfortable wearing traditional pieces, which are associated with heterosexual couples and customs. Their love is different and they want to find different expressions for it. In some cases, it is more understated pieces, while in others it is distinctive branded designs[31].

In order to meet consumer desires in this segment of the market, the diamond industry should embrace this preference for 'beyond binary' jewellery with tailored offerings and matching service.

Apart from online, same-sex couples favour jewellery chains and independent jewellers the most. In the US, chains represent 37 per cent of engagement ring buyers, while in China they account for as much as 69 per cent. Independent jewellers attract 29 per cent of buyers in the US and are more popular with women than men (42 per cent of female buyers compared with 12 per cent male) and 17 per cent in China[32]. The retail environment is important to same-sex couples as they shop for diamond jewellery, because sometimes they feel out of place or unwanted. They often prefer jewellers who display an openly friendly attitude to the gay community. Clearly, in order to appeal to same-sex couples, retailers will need to fully embrace the values of diversity and inclusion.

FIG 34: KEY LEARNINGS ON SAME-SEX COUPLES LOVE GIFTING IN THE US

Source: De Beers Group-commissioned qualitative study of same-sex couples in Minneapolis, USA, 2019.

1 *Same-sex couples mark the occasion of their wedding with a ceremony in the same way as heterosexual couples but with their own unique take on wedding conventions.*

2 *Engagement and wedding rings are very important to same-sex couples in showing the world that they are committed to one another. Diamond jewellery is used to celebrate each other and the relationship. However, same-sex couples desire a more personalised approach than heterosexual couples and favour custom ring designs that have a more modern and less gender specific aesthetic with a twist to reflect their identities. The desire for custom and unique ring design is driven by shortage of appropriate products on offer – female designs are too feminine while men's rings are too plain and masculine.*

3 *In the retail space, same-sex couples do not always feel comfortable and welcome. They favour stores with ties to their community or where they know they'll be able to find the kind of designs they're looking for. Sometimes this includes designers on Instagram.*

4 *Mainstream advertisers' campaigns that feature same-sex couples, such as Tiffany, Blue Nile, Forevermark and DPA, are very welcome.*

FIG 35: KEY LEARNINGS ON SAME-SEX COUPLES LOVE GIFTING IN CHINA

Source: De Beers Group-commissioned qualitative study of same-sex couples in Shanghai, China, 2019.

1 *In China, same-sex couples are more likely to gift diamond jewellery to each other for important life events, which include engagement, special anniversaries and important birthdays.*

2 *As in the US, same-sex couples favour jewellery designs that are unique and are neither too masculine nor too feminine. A unique unisex style of design is the preference.*

3 *Same-sex couples in China have a greater preference for branded jewellery, as they pay a great deal of attention to quality and want to justify the investment. They like both international luxury diamond jewellery brands and some Chinese brands.*

Diamond industry participants should bear in mind the preferences of Millennials and Gen Z for more individual designs and jewellery that reflects love in everyday life.

CONCLUSION

Natural diamonds continue to be prized as symbols of everlasting love the world over. However, in the core segment of romantic love gifting, which represents over half of demand for diamond jewellery, it's important to recognise that consumers' tastes, preferences and behaviours are changing as traditions for expressing love and commitment evolve.

Half of romantic love gifting of diamond jewellery continues to be related to formal engagements and weddings, and this still represents the bedrock of demand. Consumers continue to want to mark a formal engagement or wedding with diamonds – usually a ring. In China and Japan, pure solitaire rings remain the top choice, mostly in a platinum setting, but in the US, consumer price sensitivity means that solitaire-plus engagement rings (a smaller main diamond and diamond melée), usually with white gold, are now the most popular design.

However, it's misleading to think of all couples as a man and a woman entering marriage. In the US, couples who are cohabiting form part of the demand for diamond engagement jewellery, even if they are not necessarily intending to get married. They tend to be younger and will often seek more affordable solutions in keeping with tighter budgets. The diamond industry should bear in mind the preferences of Millennials and Gen Z for more individual designs and jewellery that reflects love in everyday life, not purely to mark a ritual moment.

The desire for diamonds to mark formal commitment also now includes in the US a relatively small, but not insignificant, demand from same-sex couples, who often prefer less traditional pieces. They welcome the opportunity to shop privately, including online, and appreciate brands that demonstrate inclusiveness.

With so many US brides already receiving diamond engagement and wedding rings, there may be limited growth potential for the giving of diamond jewellery to celebrate formal rituals in the US, but there remains a substantial growth opportunity in China, where the popularity of couple rings for such occasions is noteworthy.

However, it's important for the sector to recognise that the demand for diamond jewellery as a romantic gift to mark an anniversary, birthday or other special personal moment now outweighs demand directly related to engagements and weddings.

In the US, diamond earrings, pendants or necklaces are chosen nearly as often as rings as a token of love and affection between single or married partners, with Christmas and Valentine's Day also being important triggers for purchase.

In China, demand for diamond jewellery as love gifts before marriage is significant, considering the differing traditions of the marriage ritual in that country. Husbands in China also give their wives diamond jewellery to express affection during married life – often on anniversaries – and will choose earrings, pendants and necklaces as often as rings.

The increasing purchasing power among women is also of growing significance for diamond businesses seeking to meet evolving customer desires, not only for self-purchase but also as symbols of love and commitment. Interestingly, when women contribute to the cost of their engagement or wedding ring – or pay for it in full themselves – they tend to spend more than when their male partners alone pick up the tab.

Keeping up with, and ahead of, changes in society will enable the industry to continue to meet the demand for diamonds as the most potent symbol of romantic love and affection.

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28. De Beers Group-commissioned online survey of adults in same-sex couples (married or living together) in the US (n=124) and China (n=175) 2019
29. De Beers Group-commissioned online survey of adults in same-sex couples (married or living together) in the US (n=124) and China (n=175) 2019
30. De Beers Group-commissioned online survey of adults in same-sex couples (married or living together) in the US (n=124) and China (n=175) 2019
31. De Beers Group-commissioned qualitative study of same-sex couples in the US and China, 2019
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GLOSSARY
Definitions for terms and abbreviations used within this report can be found on our website:

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