



# CIBJO

*The U.S. Jewelry Consumer &  
Social Responsibility Research*

Jewelry Consumer Opinion Council

*March 31, 2008*

# Introduction

- The Jewelry Consumer Opinion Council (JCOC) is an Internet-based, niche market research service exclusive to the gem and jewelry industries.

The JCOC is made up of a sampling panel of consumers throughout North America representing all ages, genders, income levels, buying categories and geographic regions. These consumers are quickly accessed via e-mail as each research study is launched.

This report represents the results of a customized study for CIBJO which addresses consumer awareness of social responsibility issues in the U.S.

# Overview & Objectives

## ■ Overview of the Project

- **CIBJO** was interested in better understanding consumer perceptions and likely behaviors related to the following:
  - To what degree is the jewelry consuming public concerned with the jewelry industry's sense of social responsibility? Does it expect the jewelry industry to institute programs (like the Kimberley Process) that can demonstrate that it is doing all it can to avoid ethical problems? Will it take notice of the industry's involvement in programs that promote sustainable economic and social development in disadvantaged countries where raw materials are produced?
  - Is the jewelry public aware of the natural versus synthetic debate, and the treated versus untreated debate? Do members of the jewelry buying public put a significant premium on all-natural stones? Does the jewelry buying public believe that the proliferation of synthetic and/or treated gemstones threaten to discount the perceived value of the jewelry product?

# Overview & Objectives

## ■ Project Objectives

- To assess consumer perceptions and likely behaviors related to the above issues
- To analyze consumer responses by particular demographic segments
- To provide **CIBJO** with a framework for strategic decision making and public relations activity

# Methodology

- The Jewelry Consumer Opinion Council (JCOC) conducted this study for CIBJO between the dates of March 10, and March 21, 2008. The study was completed by 2,399 respondents.
- Respondents in this study were from the United States.
  - The results of this study were weighted to match U.S. Census figures.
- In exchange for completing this survey, panel members received one entry into the current JCOC sweepstakes.

# Key Findings

- More than three-quarters of respondents indicated they would not buy fine jewelry if they knew it was mined, manufactured or sold in a socially irresponsible way. Another 70 percent of respondents cited if the fine jewelry industry was found to be socially irresponsible, they would stop purchasing fine jewelry.
  
- Just over half of all respondents felt:
  - The fine jewelry industry is NOT doing everything it can be to socially responsible
  - They are NOT more concerned about being socially responsible within the U.S. than they are in other parts of the world.

## Key Findings, *continued*

- A trip or vacation was the primary choice (24.6 percent of respondents) when asked what respondents would MOST like to purchase in the next six months. Fine jewelry and watches was only selected by 4.9 percent of respondents.
- Nearly half of all respondents in the study could not remember the last time they saw a fine jewelry commercial.
- More than half of all respondents are concerned that man made diamonds are being passed off as mined diamonds during the sales process.
- Nearly half (45.8 percent) of those respondents in the study are concerned the natural, untreated diamonds they believe they are buying could actually be treated.

# Executive Summary

- Although consumers found social responsibility to be important in all of the different product categories tested in this study, food and pharmaceuticals surfaced as the two most important categories.
- More than one-third of respondents believe that within the U.S., the fine jewelry industry is at least somewhat socially responsible, while another 26.9 percent were unsure. Globally, however, just over one-quarter of respondents believe the fine jewelry industry is at least somewhat responsible, with another 24.6 percent unsure.
- The U.S. was found to be at least somewhat successful at resolving social responsibility issues that arise in the mining, manufacturing and selling of fine jewelry by one-third of consumers. For the global industry, less than 25 percent of respondents believe issues are being successfully resolved.



## Executive Summary, *continued*

- More than one-third of JCOC panel members believe it is the responsibility of the jewelry industry, as a whole, to create systems and policies to maintain high levels of social responsibility within the fine jewelry industry.
- When it comes to enforcement, however, respondents were split with 27.6 percent believing the government should enforce social responsibility policies, and 26.8 percent believing it is also the responsibility of the collective jewelry industry.
- Only four percent of respondents are aware of the Kimberley Process, and of that four percent, only 86.1 percent could correctly identify what it was. Furthermore, less than half of those respondents familiar with the Kimberley Process believe it is effective in preventing the sale of conflict or blood diamonds.

## Executive Summary, *continued*

- Collectively, respondents found nearly all of the different aspects of social responsibility equally important, with terrorist and criminal activity and working conditions topping the list.
- Nearly one-third of respondents believe fine jewelry sales have decreased in the past two years, 72.4 percent blame this on the economy.
- One-third of respondents believe jewelry sales will remain the same for the next two years, while only 13.6 percent believe they will increase.
- Personally, 54.3 percent believe they will spend the same amount on fine jewelry in the next 12 months as they have in the past 12 months. Only 10.6 percent believe they will spend more this year.

## Executive Summary, *continued*

- Among the 35.1 percent who plan to spend less this year compared to last year, the most popular reasons given were:
  - Fuel prices (23.4 percent)
  - Debt repayment (18.4 percent)
  - Decrease in household income (16.4 percent)
  - Savings goals (11.8 percent)
  
- Respondents are most likely to purchase the following in the next six months:
  - A trip or vacation (43.2 percent)
  - Home improvements (36.9 percent)
  - Electronics (33.5 percent)
  - Accessories (32.4 percent)
  - Furniture for their home (22.3 percent)
  - Fine jewelry (19.5 percent)

## Executive Summary, *continued*

- Although 37.2 percent were unsure which TV commercial most inspired them to purchase what it was promoting, 13.8 percent were best convinced to spend by food commercials.
- Nearly 90 percent of respondents have heard of man-made diamonds and 30.4 percent are interested in learning more. 21.3 percent of respondents to this study consider themselves likely to purchase a man-made diamond.
- While 72.9 percent of all respondents would expect to pay more for a mined diamond than a man-made one, 5.2 percent would be willing to pay more for a man-made diamond.

## Executive Summary, *continued*

- Two-fifths of all respondents have heard of treated diamonds, and 35.7 percent are interested in learning more.
- Only 17.9 percent of respondents considered themselves likely to purchase a treated diamond. Similar to mined diamonds, most respondents would expect to pay more for a natural (untreated) diamond, but nearly 10 percent would expect to pay more for a treated diamond (compared to a natural stone).

# Fine Jewelry Concept Statement

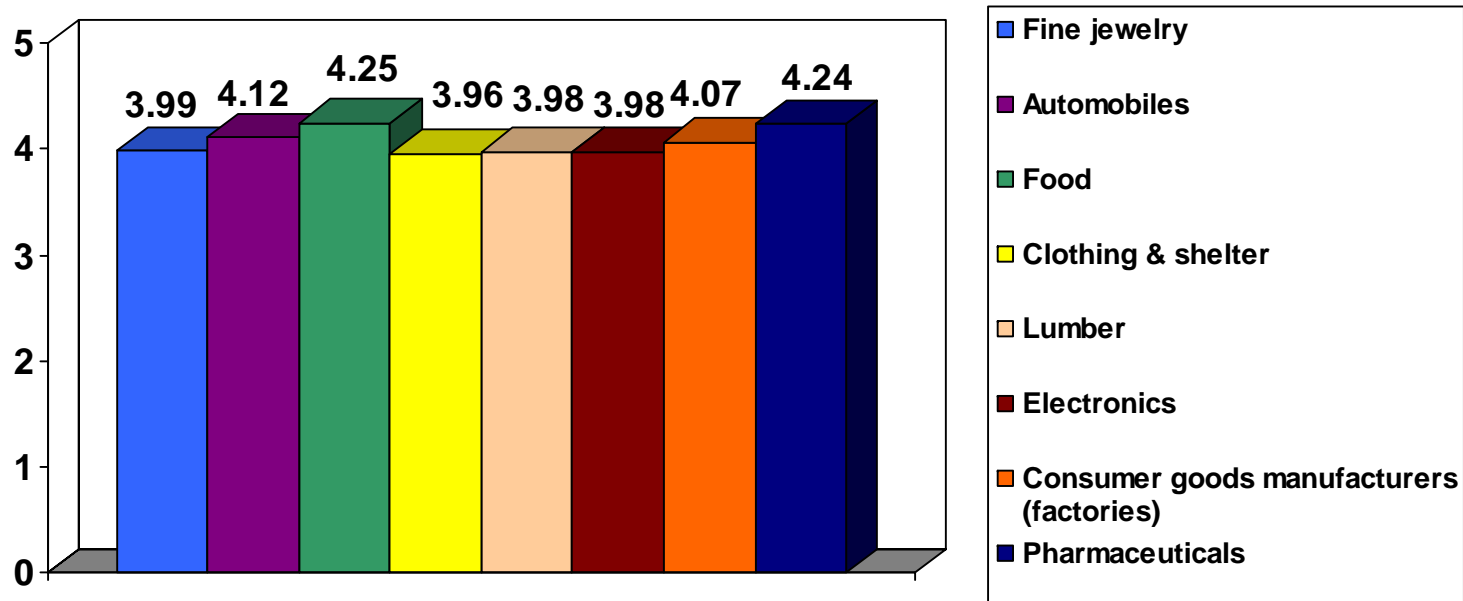
**Consumers who took this study were shown the following definition of fine jewelry:**

For questions related to jewelry, we are only interested in fine jewelry and watches. Fine jewelry is defined as jewelry made with precious metal (sterling silver, platinum, gold or titanium) and possibly set with diamonds, precious gemstones (sapphire, ruby, emerald) or semi-precious gemstones (topaz, amethyst, etc.). Fine jewelry may also be set with pearls or other organic materials such as amber, coral, etc.

Fine jewelry is typically sold at a retail price at or above \$99. Jewelry which contains cubic zirconia, glass or plastic is not considered fine jewelry.

# Social Responsibility

For each of the following consumer product categories, how important is it that the manufacturers maintain a high level of social responsibility.

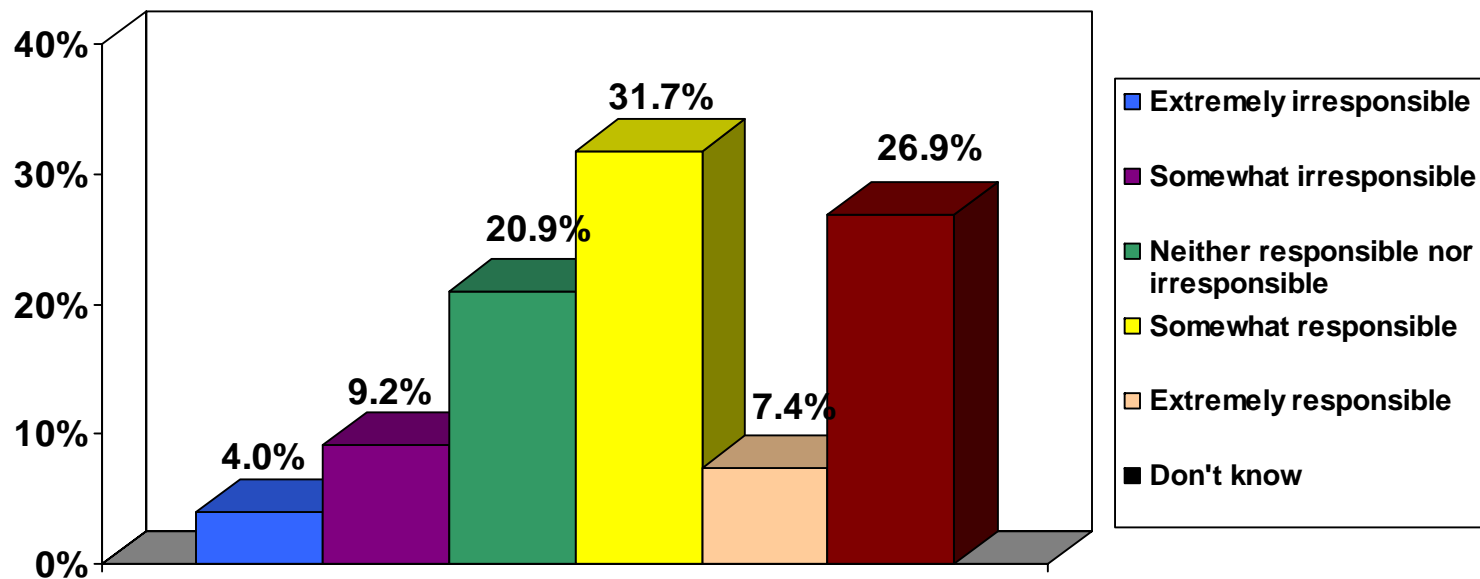


Base: All respondents (n = 2,399)

Note: The higher the mean rating, the more important social responsibility is within each category. (Maximum = 5)

# Social Responsibility

Within the U.S., how socially responsible is the fine jewelry industry?

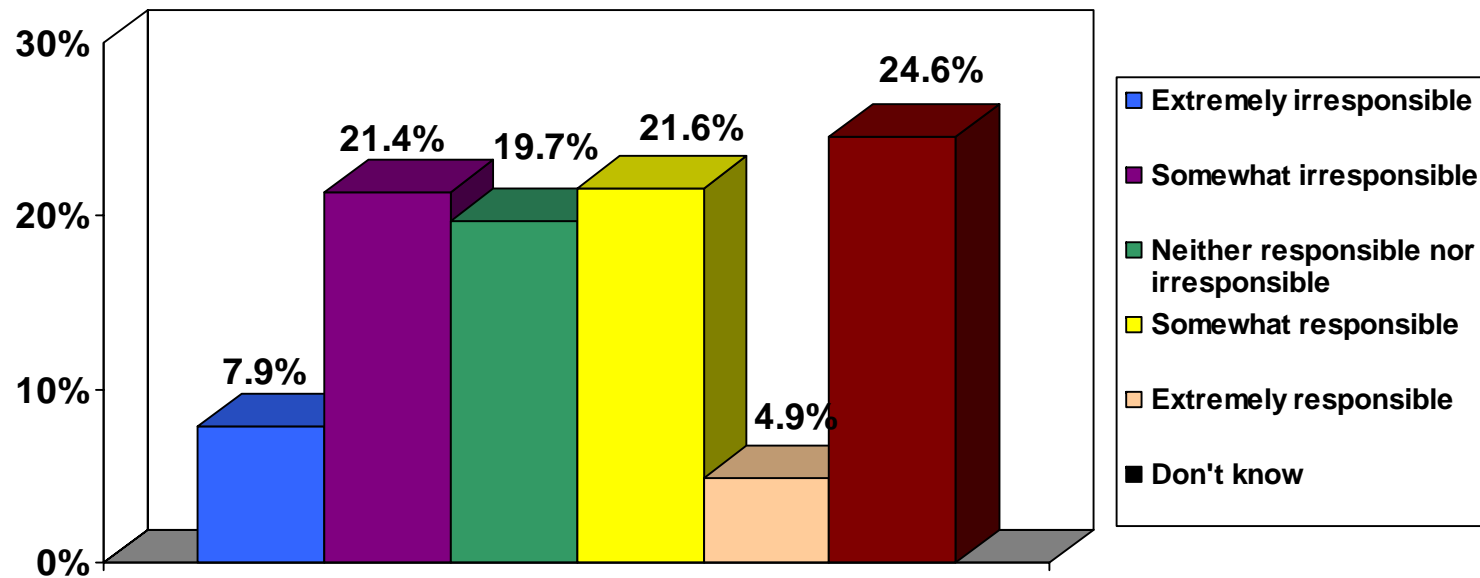


*Base: All respondents (n = 2,399)*



# Social Responsibility

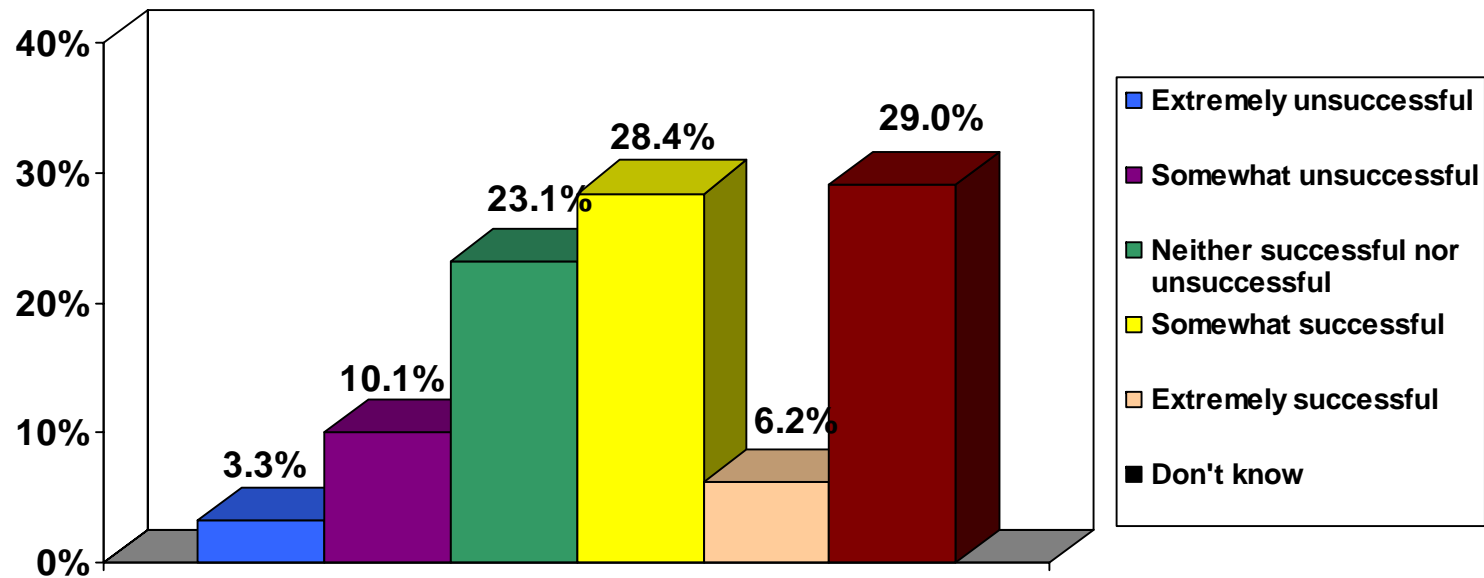
Globally, how socially responsible is the fine jewelry industry?



*Base: All respondents (n = 2,399)*

# Social Responsibility

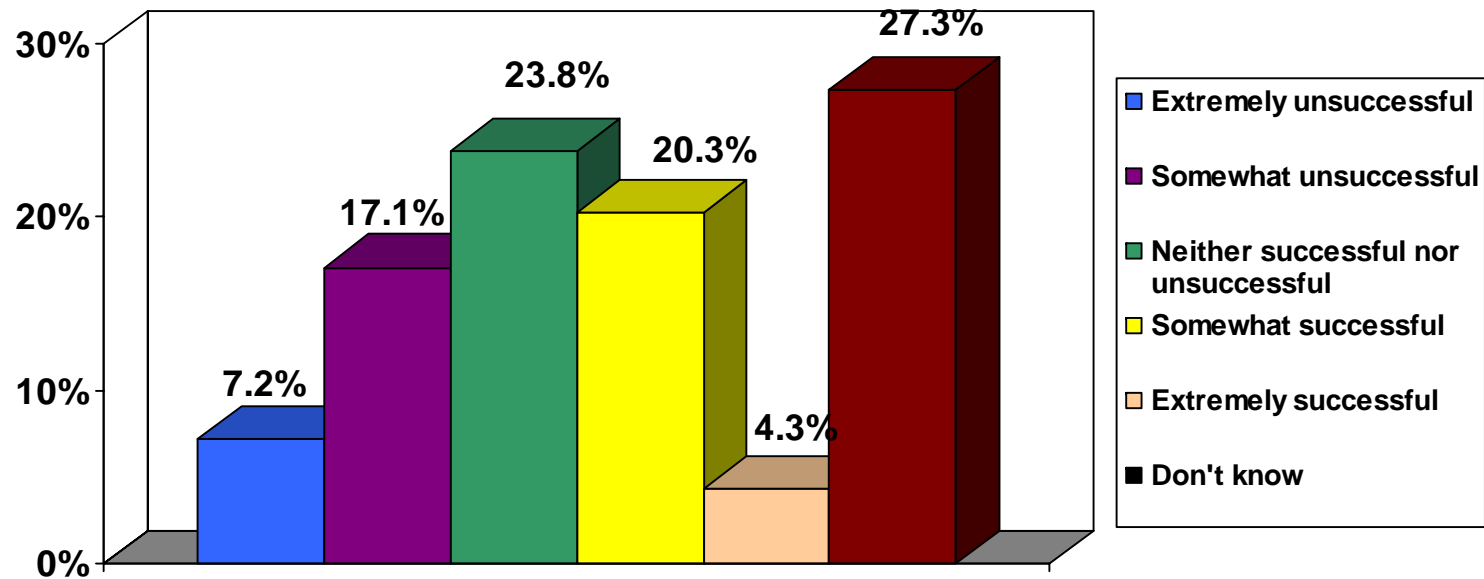
How successful is the fine jewelry industry in the U.S. at resolving social responsibility issues that arise in the mining, manufacturing and selling of fine jewelry?



*Base: All respondents (n = 2,399)*

# Social Responsibility

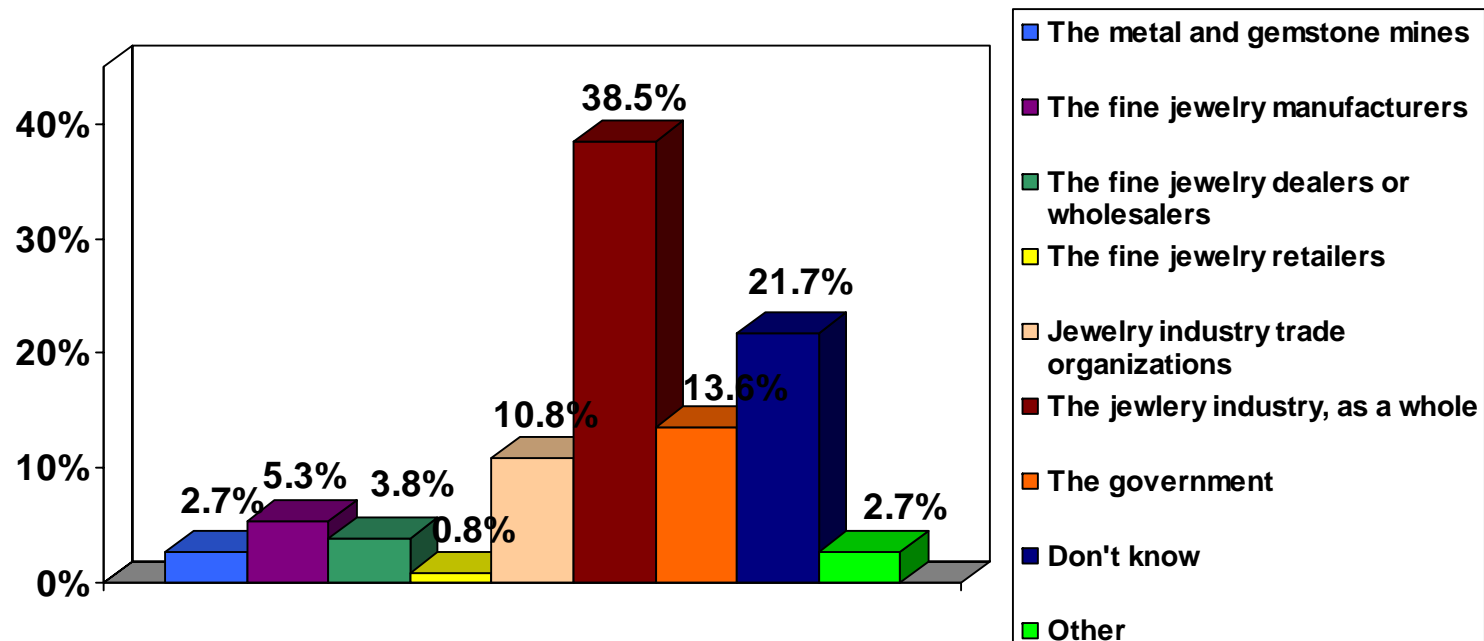
How successful is the fine jewelry industry around the world at resolving social responsibility issues that arise in the mining, manufacturing and selling of fine jewelry?



*Base: All respondents (n = 2,399)*

# Social Responsibility

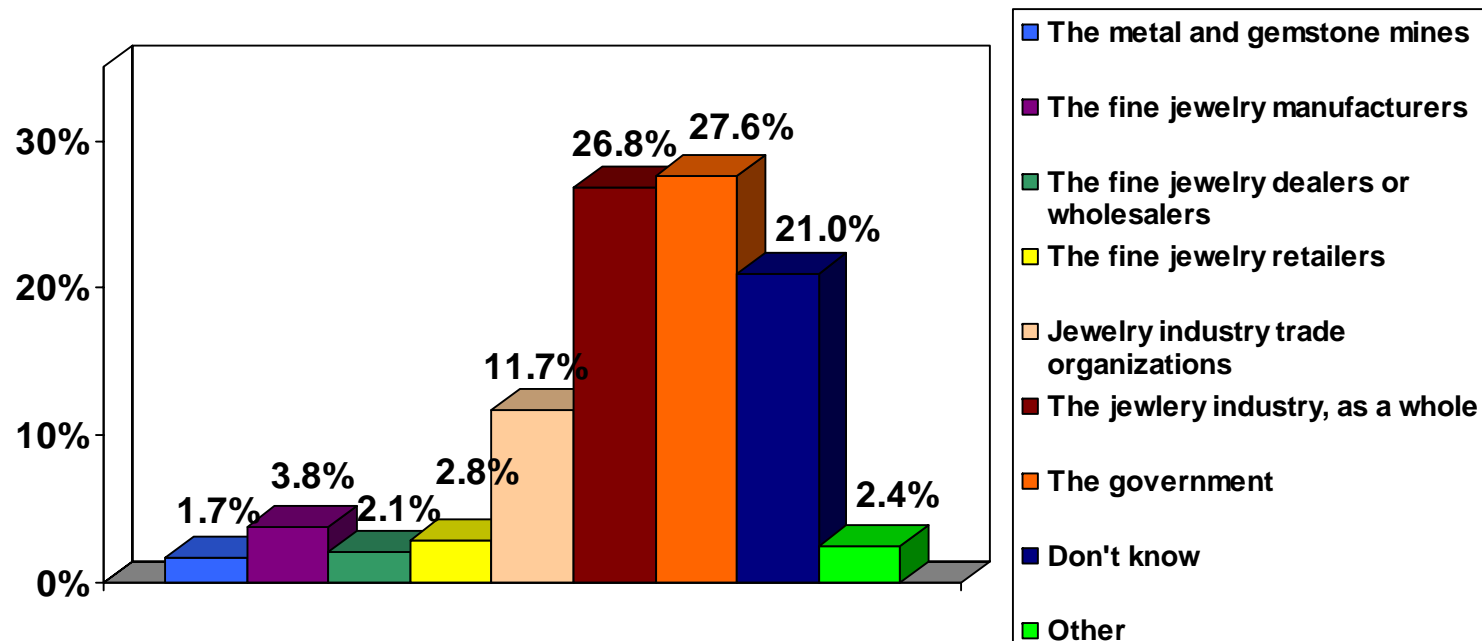
Whose responsibility is it to **CREATE** systems and policies to maintain the highest level of social responsibility within the fine jewelry industry?



*Base: All respondents (n = 2,399)*

# Social Responsibility

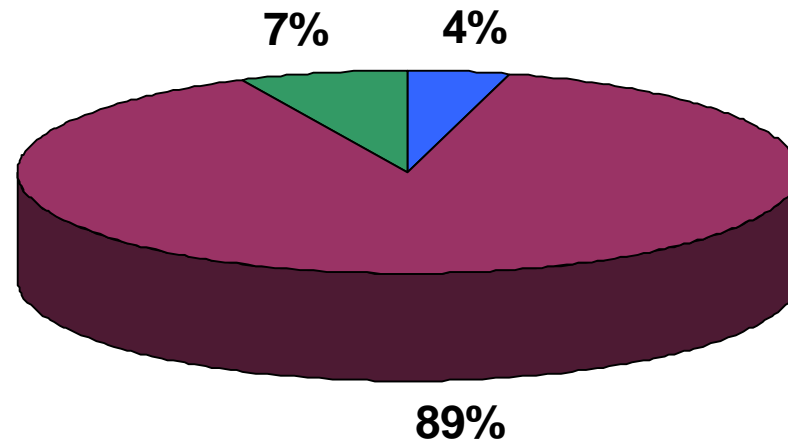
**Whose responsibility is it to ENFORCE systems and policies to maintain the highest level of social responsibility within the fine jewelry industry?**



*Base: All respondents (n = 2,399)*

# The Kimberley Process

Are you aware of the Kimberley Process?

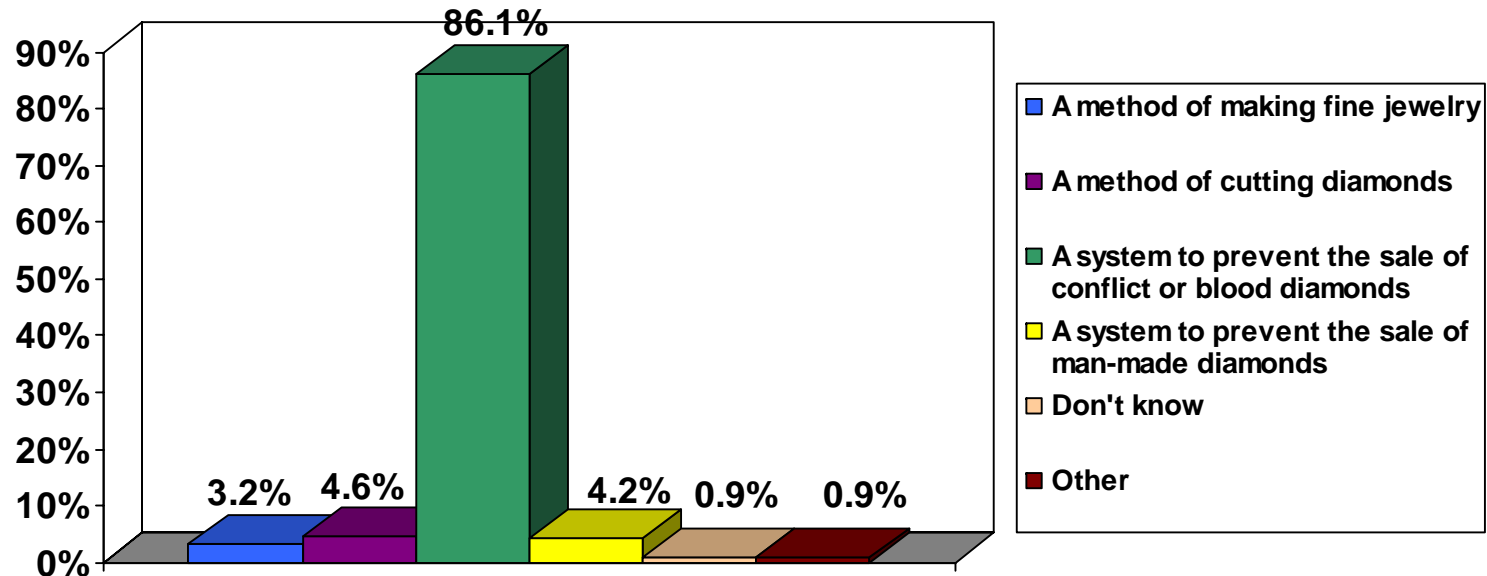


■ Yes ■ No ■ Don't know

*Base: All respondents (n = 2,399)*

# The Kimberley Process

## What is the Kimberley Process?

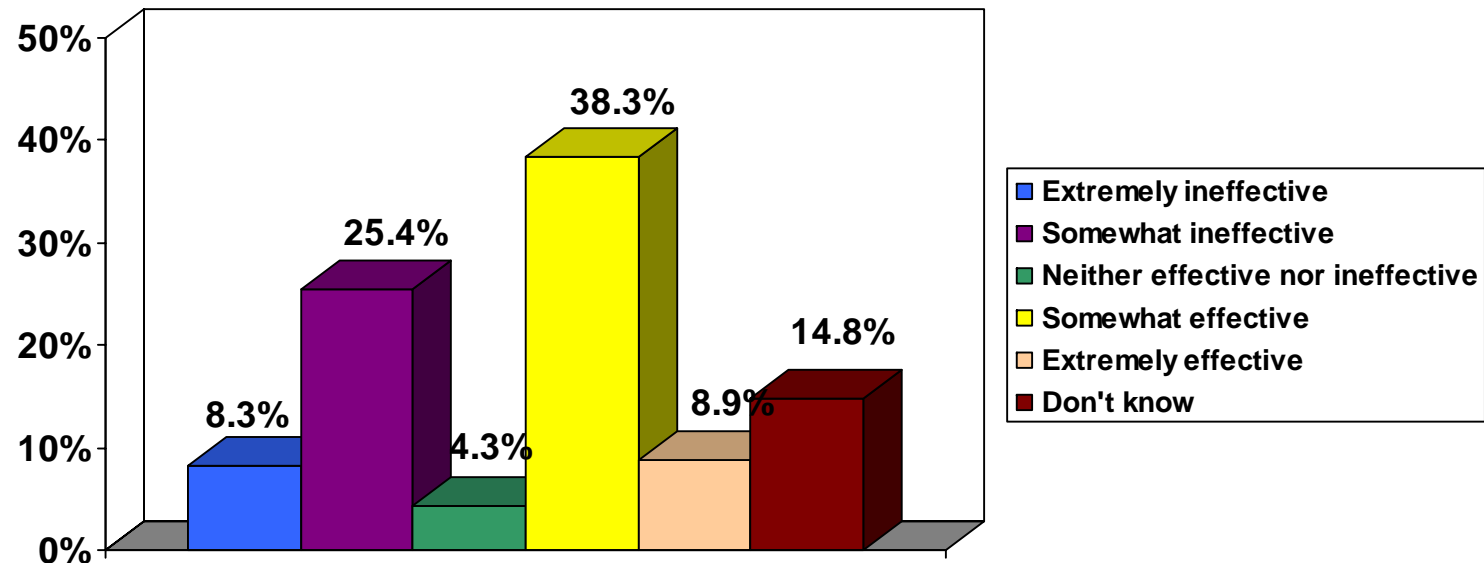


*Base: Respondents who were aware of the Kimberley Process (n = 104)*

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# The Kimberley Process

How effective do you believe the Kimberley Process is in preventing the sale of conflict or blood diamonds?



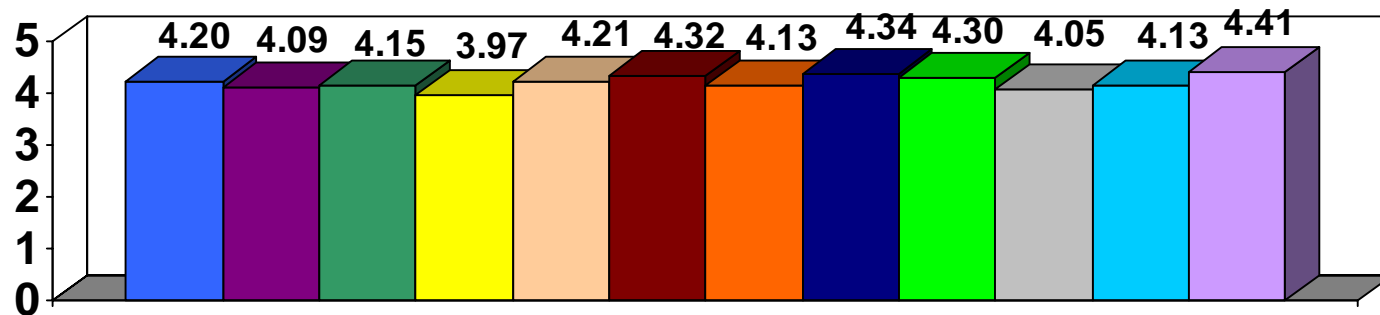
*Base: Respondents who were knew what the Kimberley Process is (n = 90)*

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CIBJO Complete Report



# Consumer Purchasing

How important are each of the following issues to you?



- Policies that prevent the sale of blood or conflict diamonds
- Systems that promote sustainable economic and social development in disadvantaged countries where fine jewelry is produced
- Systems that prevent man-made or synthetic diamonds from being sold as natural, mined diamonds
- Creating opportunities for economically disadvantaged producers
- Transparency and accountability
- Payment of a fair price
- Gender equality
- Working conditions
- Environmental protection
- Community development
- Protection of native cultures
- Policies that prevent the laundering of money by terrorists and/or criminal organizations

Base: All respondents (n = 2,399)

**Note: The higher the mean rating, the more important each issue is to respondents. (Maximum = 5)**

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CIBJO Complete Report

# Consumer Purchasing

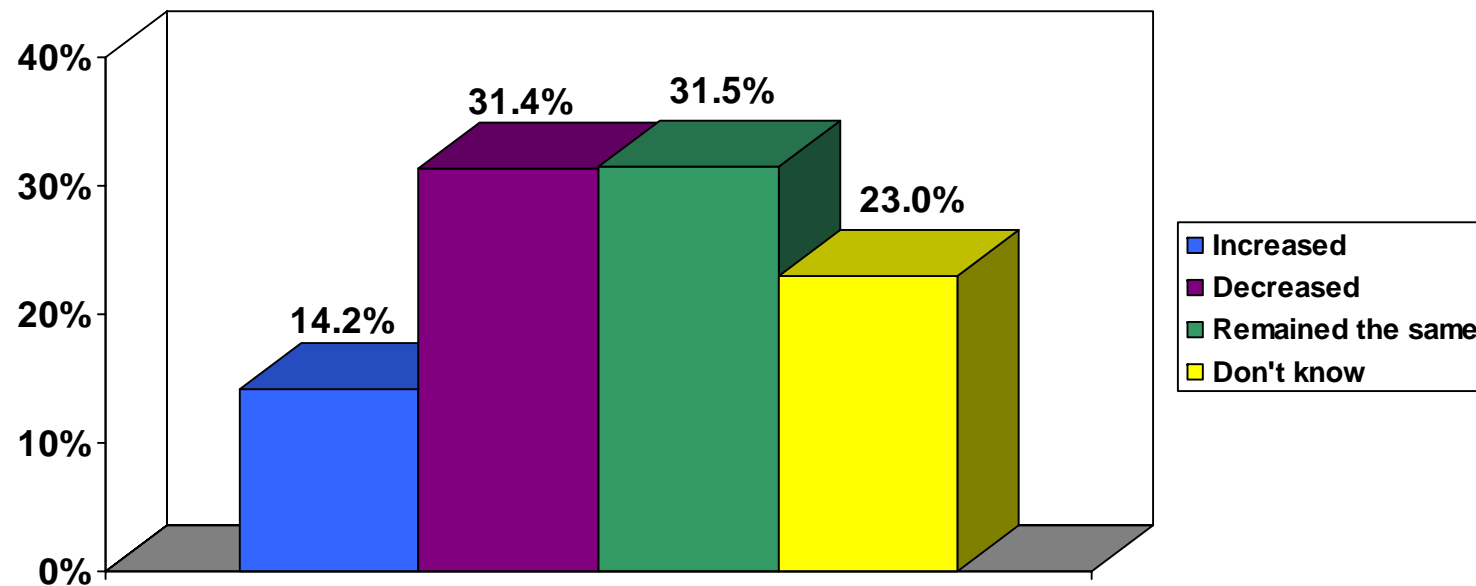
Indicate if you agree or disagree with each of the following statements:

	Agree	Disagree
The fine jewelry industry is doing everything it can to be socially responsible	45.5%	54.5%
I would not buy fine jewelry if I knew it was mined, manufactured or sold in a socially irresponsible way	77.5%	22.5%
Social responsibility as an issue does not affect my fine jewelry purchasing decisions	37.4%	62.6%
If the fine jewelry industry was found to be socially irresponsible, I would stop purchasing fine jewelry	69.9%	30.1%
I am more concerned about being socially responsible in the United States than I am about being socially responsible in other parts of the world	47.0%	53.0%
The government should be completely responsible for making laws to keep corporations socially responsible	58.9%	41.1%

*Base: All respondents (n = 2,399)*

# Consumer Purchasing

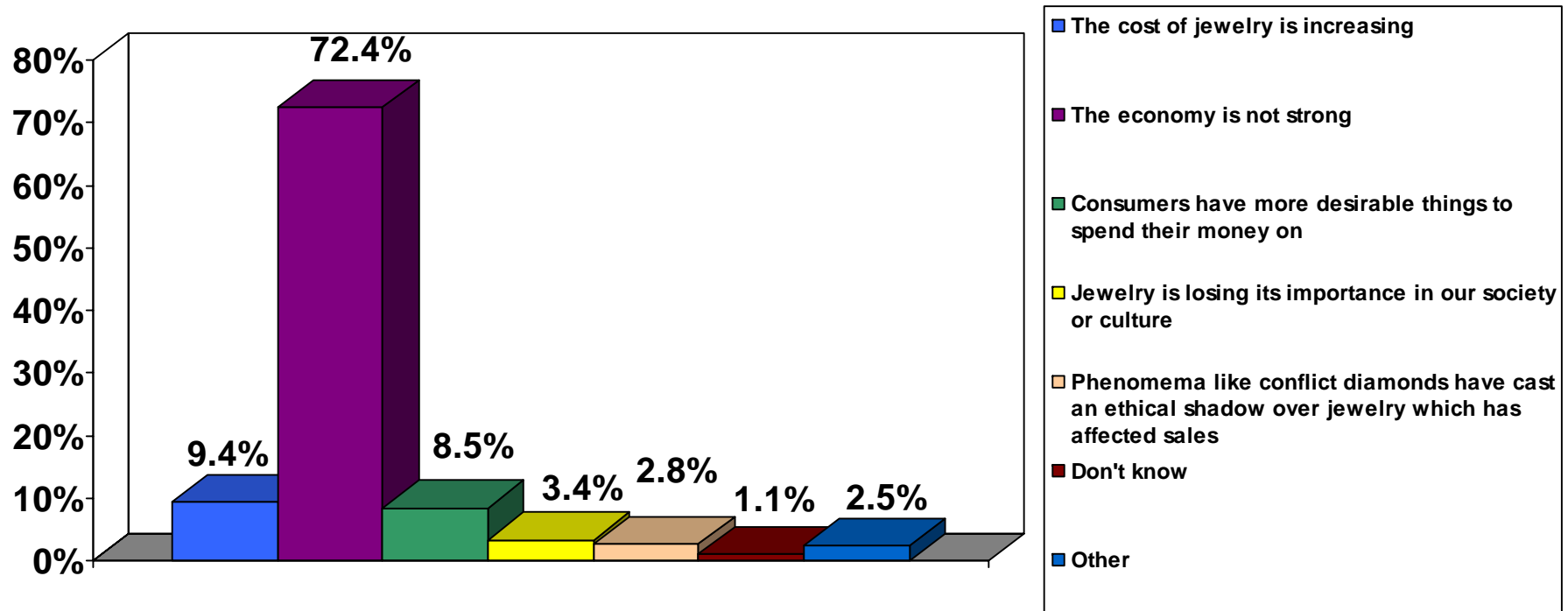
As a luxury item that consumers use disposable income to purchase, do you believe fine jewelry sales have increased, decreased or remained the same in the PAST two years?



*Base: All respondents (n = 2,399)*

# Consumer Purchasing

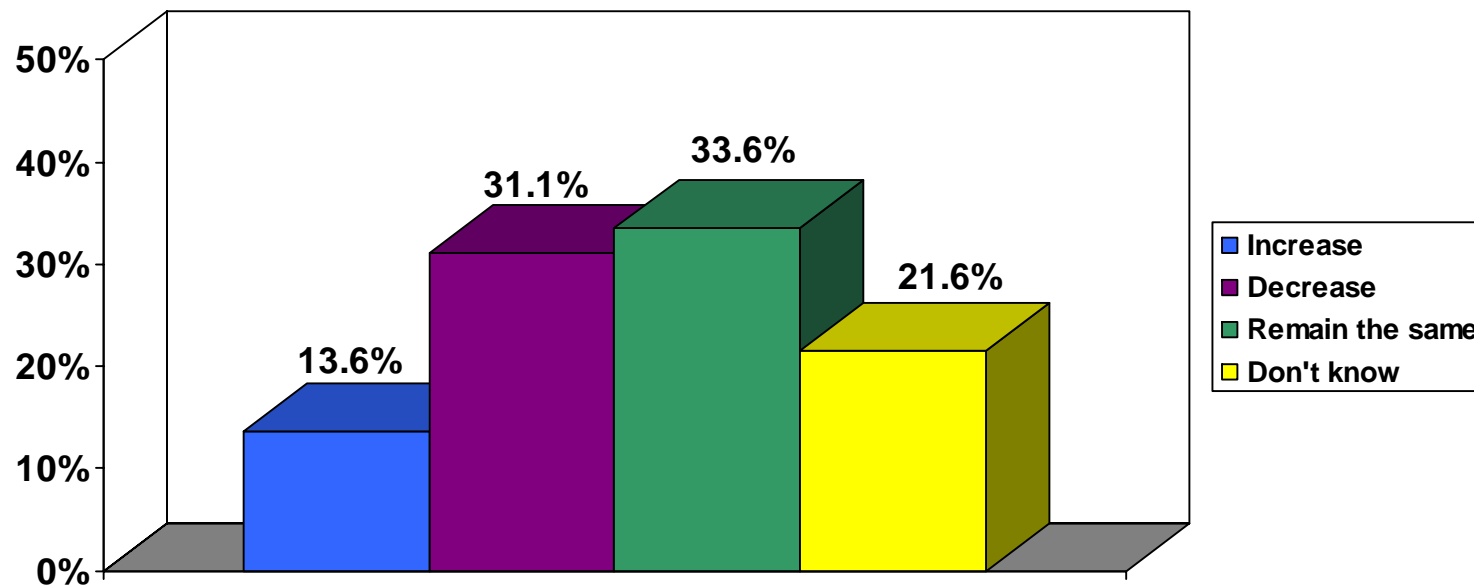
Why do you believe jewelry sales have decreased in the past two years?



Base: Respondents who indicated jewelry sales have decreased in the past two years (n = 753)

# Consumer Purchasing

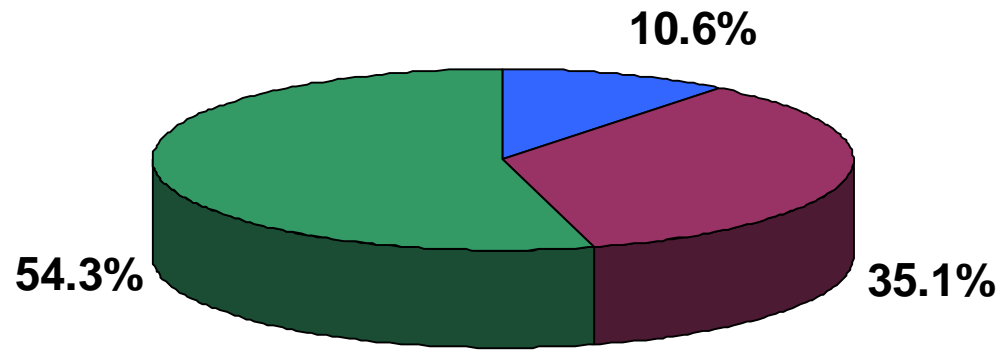
**As a luxury item that consumers use disposable income to purchase, do you believe fine jewelry sales will increase, decrease or remain the same in the NEXT two years?**



*Base: All respondents (n = 2,399)*

# Consumer Purchasing

Do you believe you will spend more, less, or about the same amount on fine jewelry in the next 12 months as you have in the past 12 months?

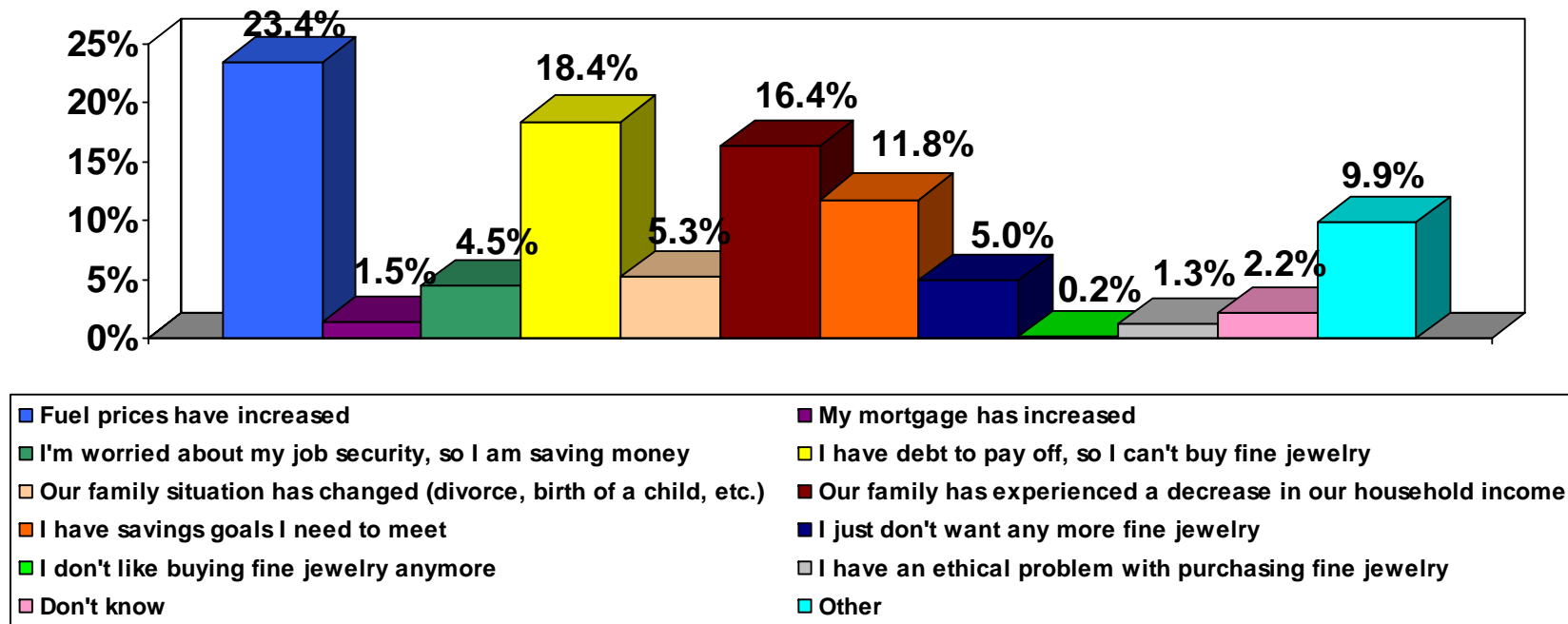


■ More ■ Less ■ About the same

*Base: All respondents (n = 2,399)*

# Consumer Purchasing

What is the single greatest contributing factor to why you believe you will spend less on fine jewelry in the next 12 months?



Base: Respondents who believe they will spend less on jewelry in the next 12 months. (n = 842)

# Consumer Purchasing

Which of the following are you likely to purchase in the next six months?  
*Select yes, no or don't know for each.*

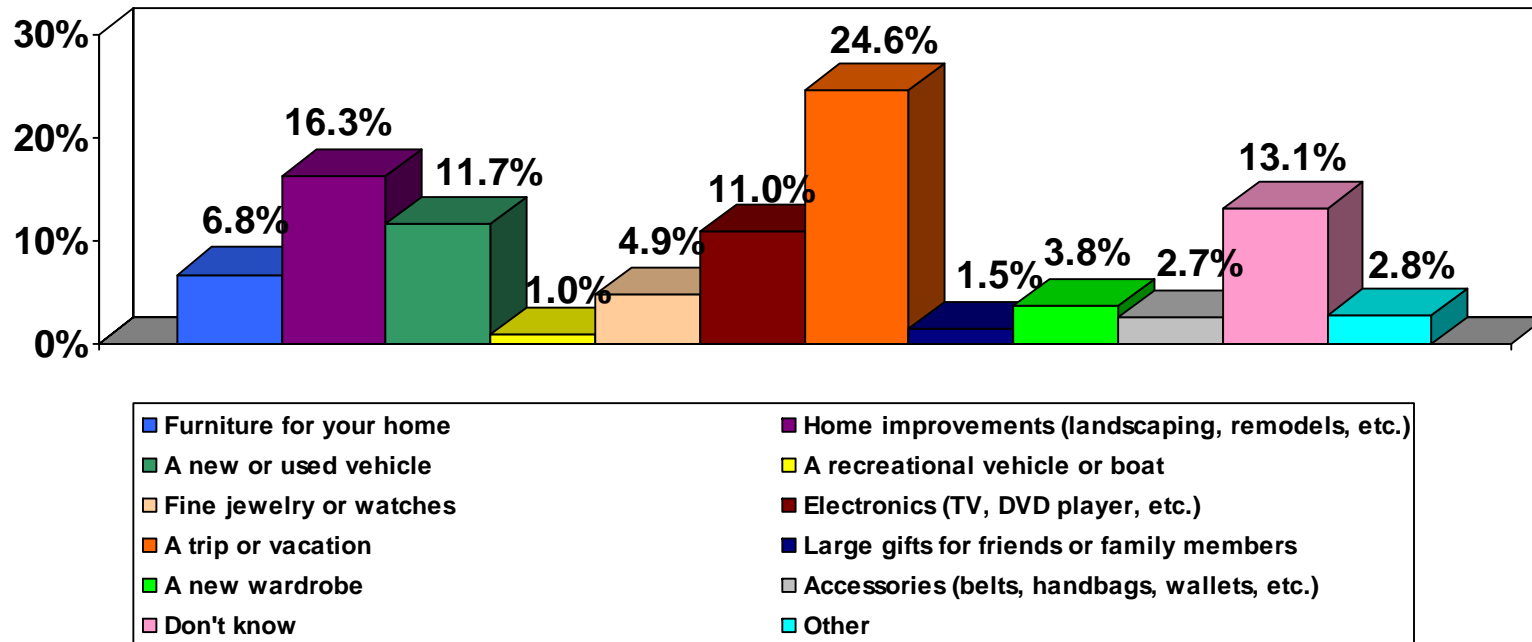
	Yes	No	Don't know
Furniture for your home	22.3%	58.1%	19.6%
Home improvements (landscaping, remodels, etc.)	36.9%	47.0%	16.0%
A new or used vehicle	19.4%	64.4%	16.2%
A recreational vehicle or boat	3.6%	88.5%	8.0%
Fine jewelry or watches	19.5%	51.8%	28.7%
Electronics (TV, DVD player, etc.)	33.5%	44.3%	22.3%
A trip or vacation	43.2%	39.9%	16.9%
Large gifts for friends or family members	13.1%	67.1%	19.8%
A new wardrobe	17.9%	63.8%	18.2%
Accessories (belts, handbags, wallets, etc.)	32.4%	47.4%	20.2%
Other	4.0%	48.2%	47.8%

*Base: All respondents (n = 2,399)*



# Consumer Purchasing

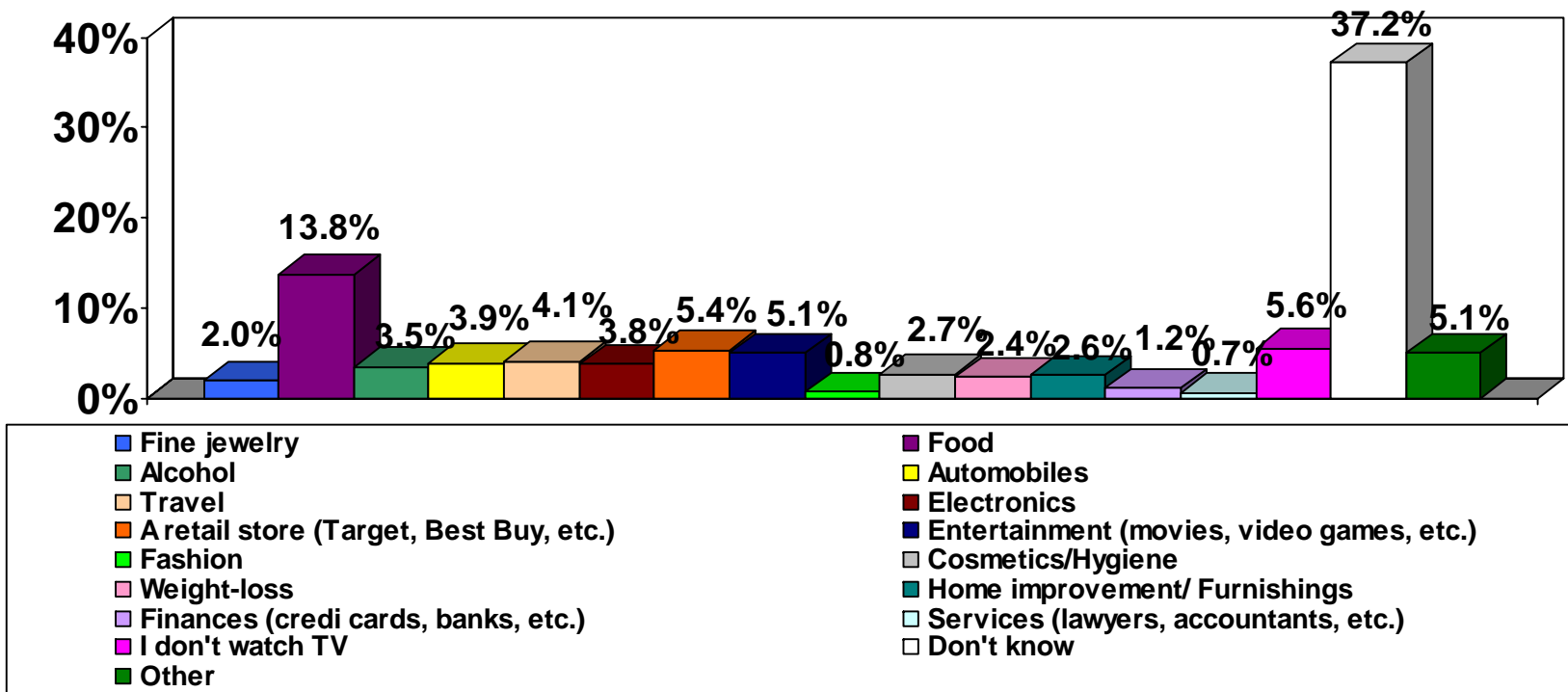
Which of the following would you **MOST** like to purchase in the next six months?



*Base: All respondents (n = 2,399)*

# Consumer Purchasing

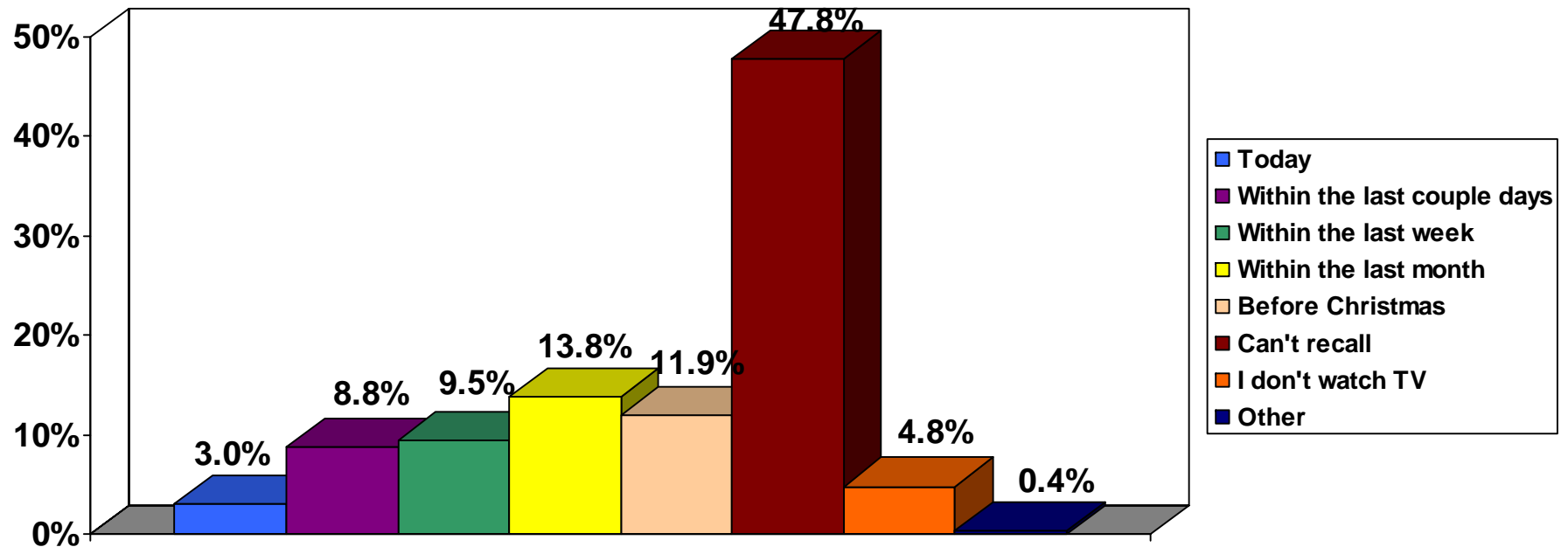
Think of the “best” television commercial you have seen in the past two weeks; the one that most inspired you to purchase what it was promoting.  
What was it advertising?



Base: All respondents (n = 2,399)

# Consumer Purchasing

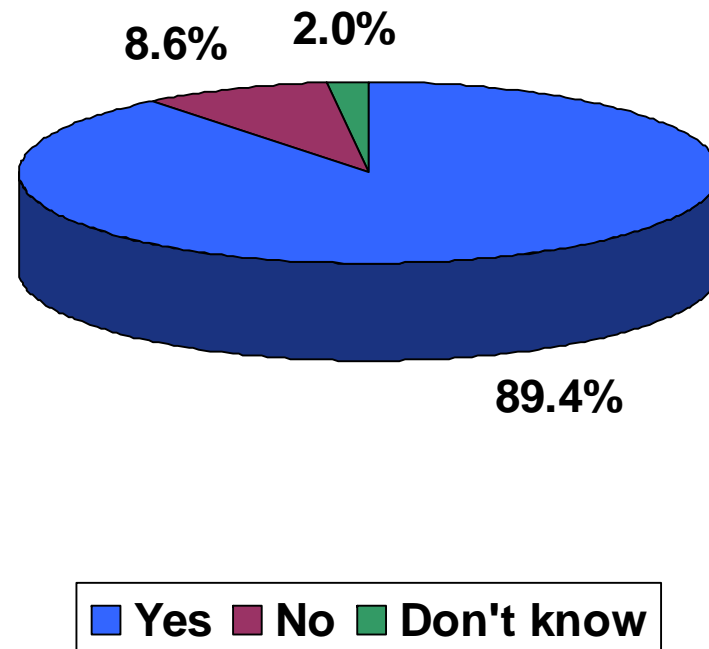
When was the last time you saw a fine jewelry television commercial?



*Base: All respondents (n = 2,399)*

# Man-Made Diamonds

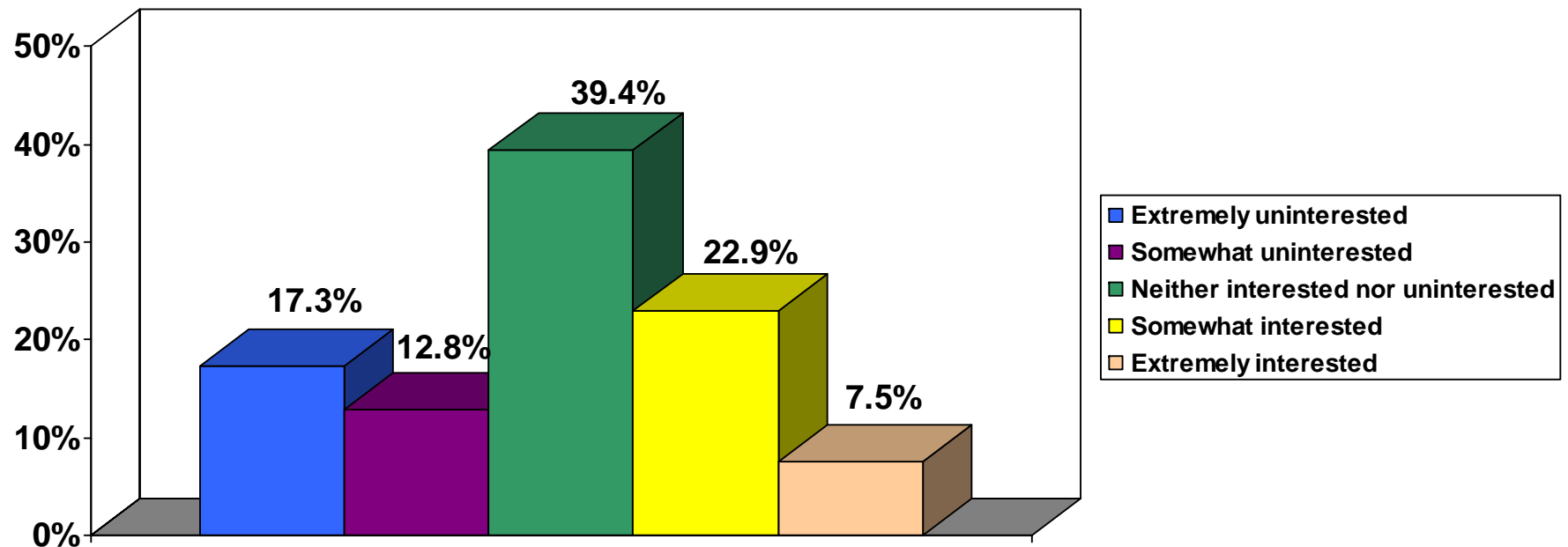
Have you heard of man-made diamonds?



*Base: All respondents (n = 2,399)*

# Man-Made Diamonds

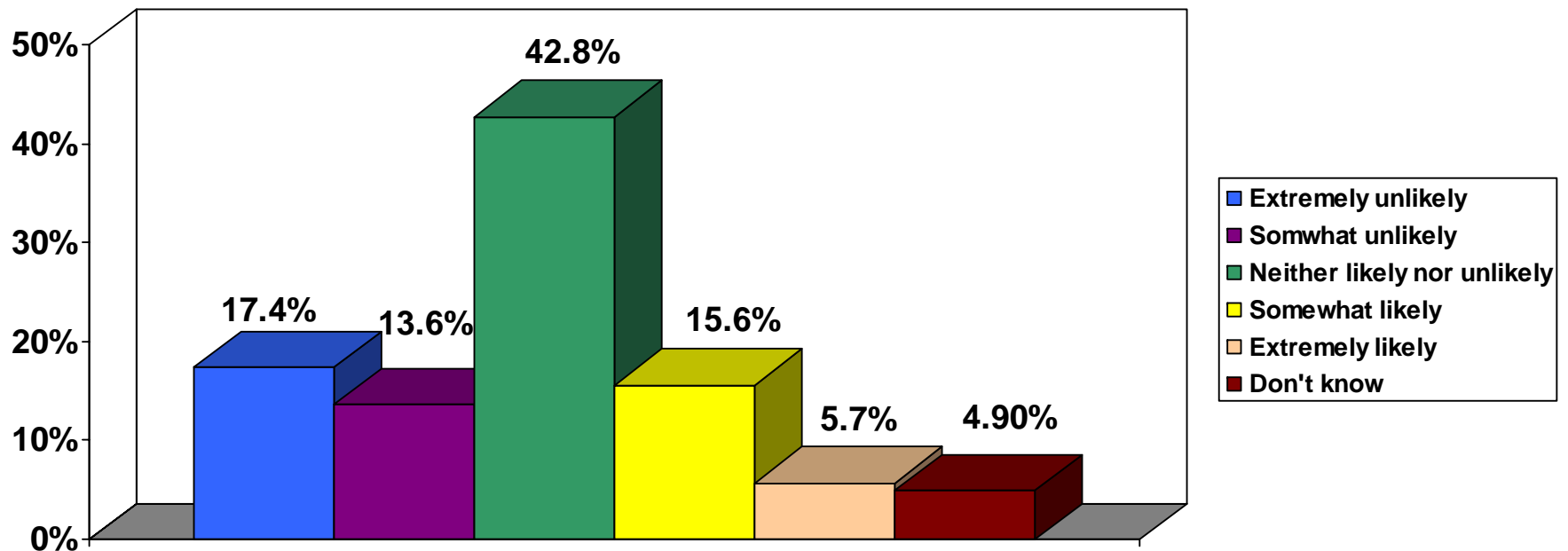
How interested are you in learning more about man-made diamonds?



*Base: All respondents (n = 2,399)*

# Man-Made Diamonds

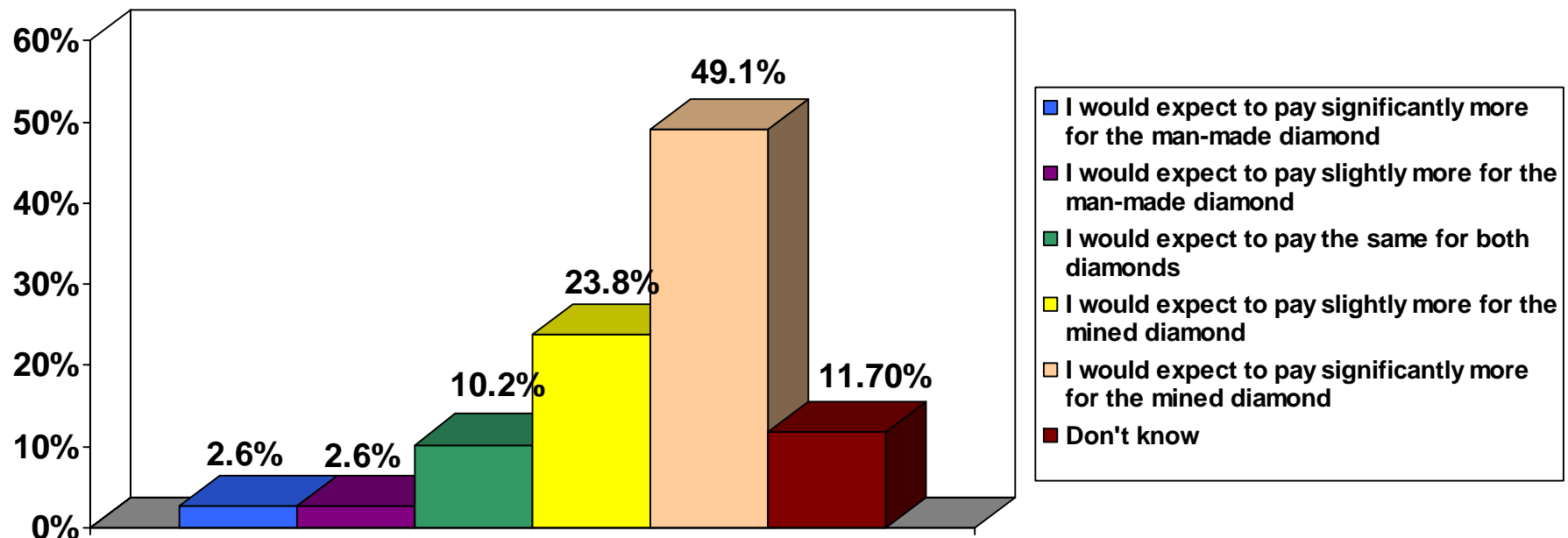
How likely are you to purchase a man-made diamond?



*Base: All respondents (n = 2,399)*

# Man-Made Diamonds

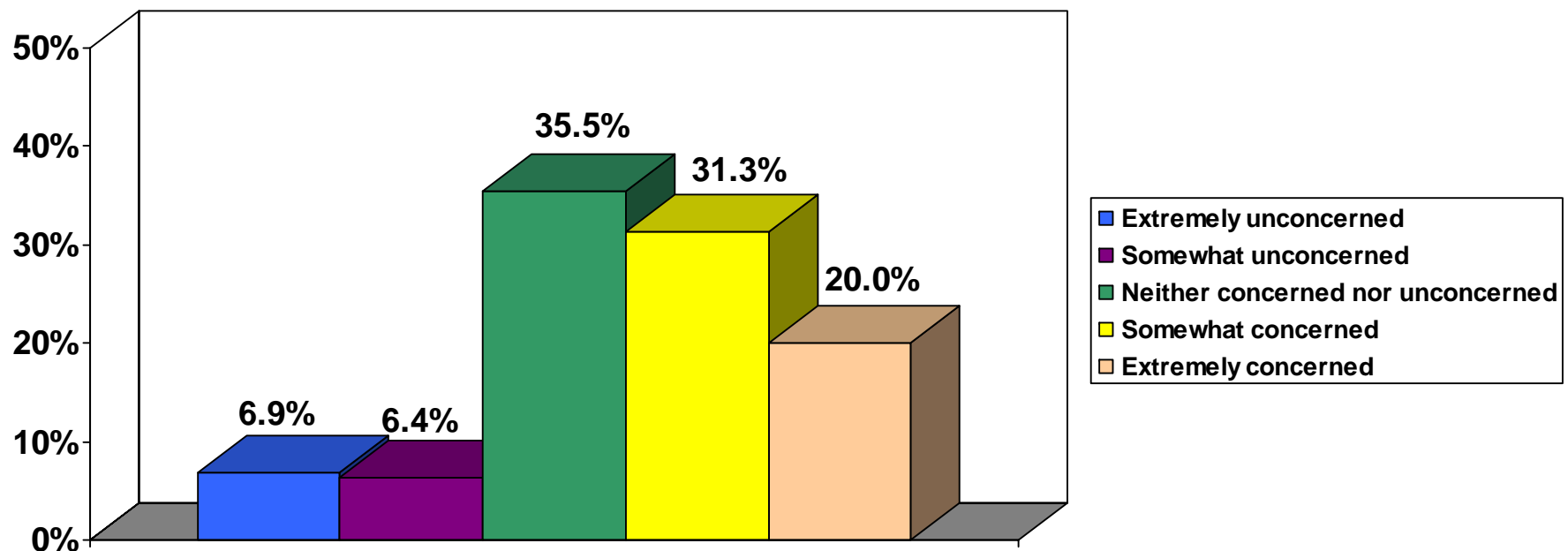
If you were presented with two diamonds identical in EVERY way (color, carat weight, clarity, etc.), and one was mined and one was man-made, which of the following is true.



*Base: All respondents (n = 2,399)*

# Man-Made Diamonds

How concerned are you that the diamonds you purchase as natural, mined diamonds could actually be man-made?

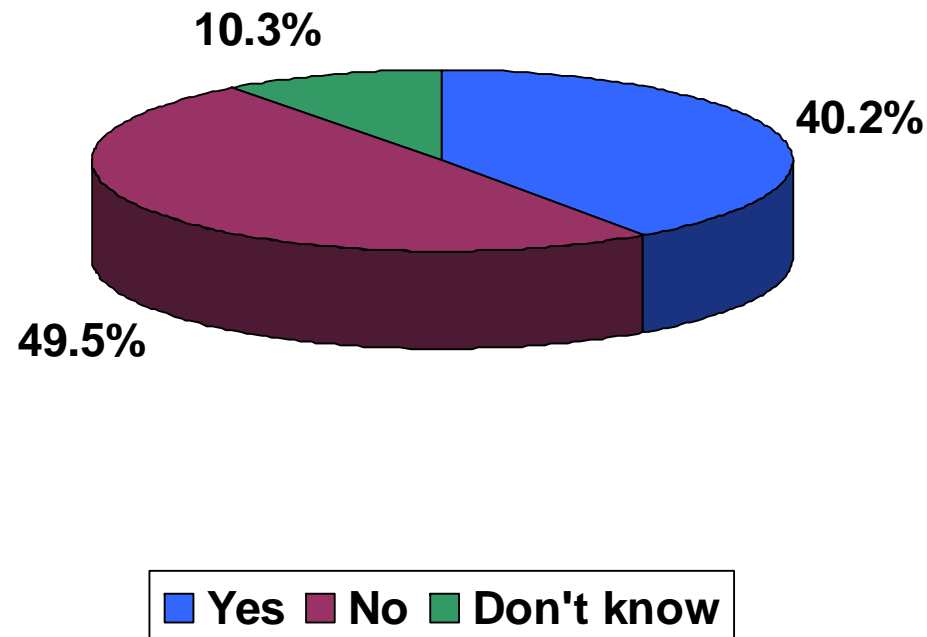


*Base: All respondents (n = 2,399)*



# Treated Diamonds

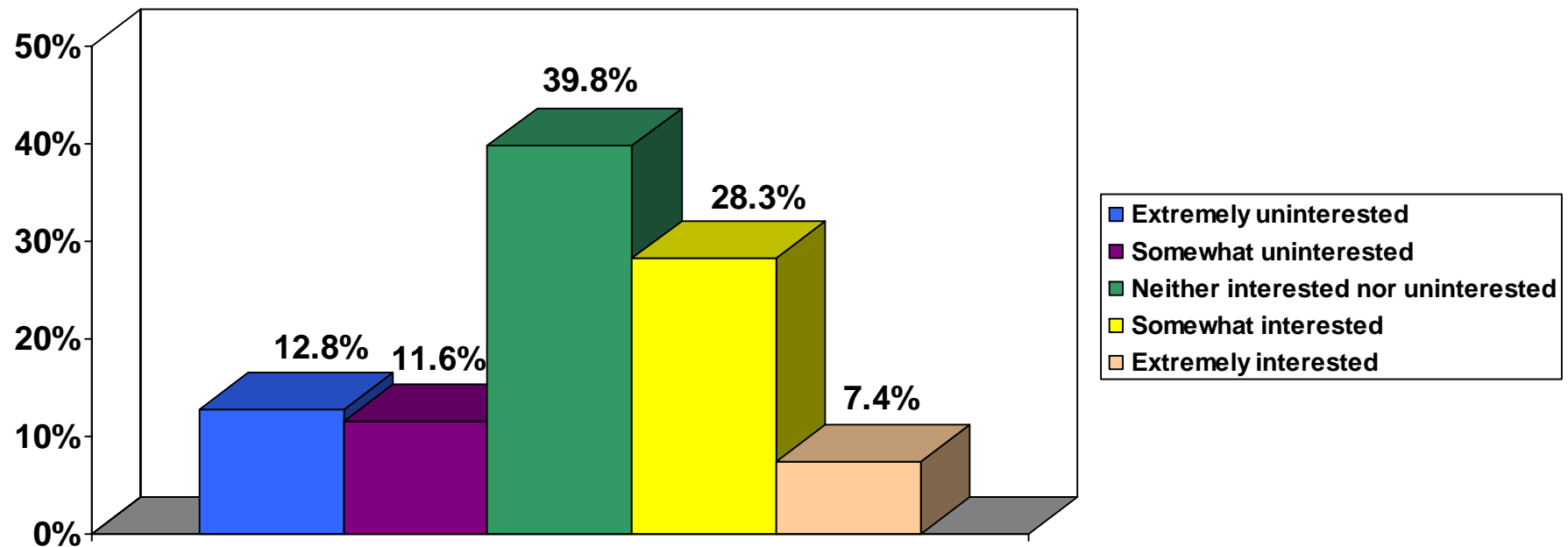
Have you heard of treated diamonds?



*Base: All respondents (n = 2,399)*

# Treated Diamonds

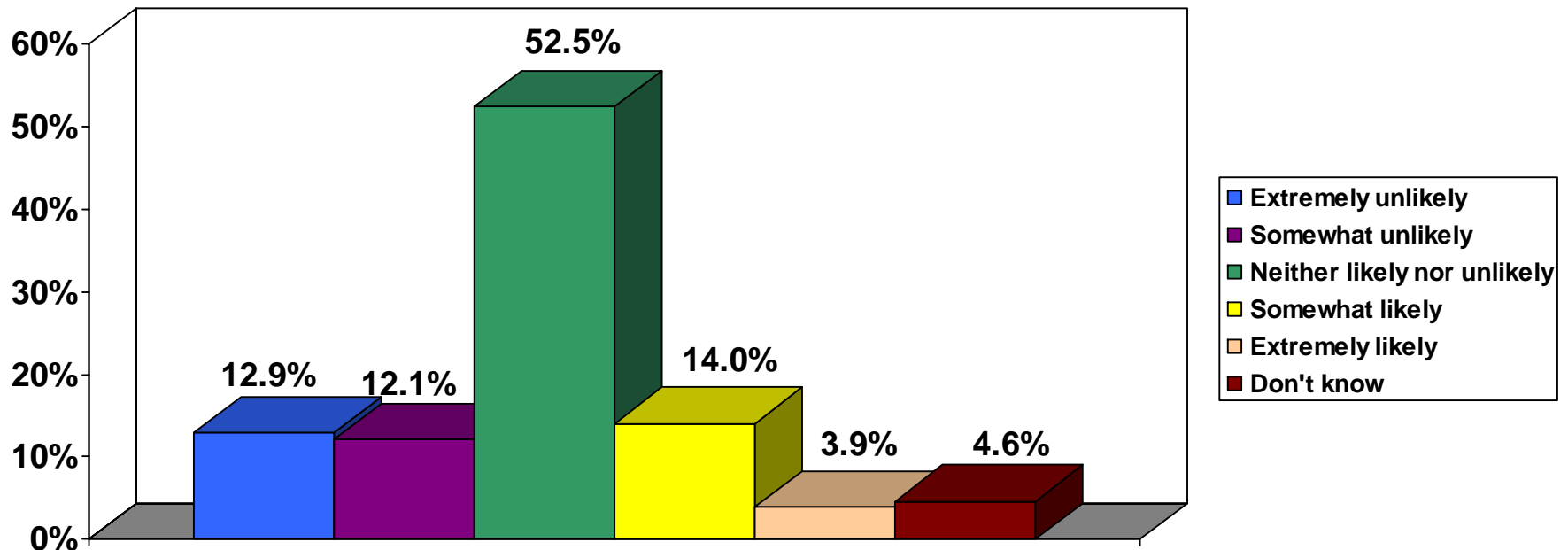
How interested are you in learning more about treated diamonds?



*Base: All respondents (n = 2,399)*

# Treated Diamonds

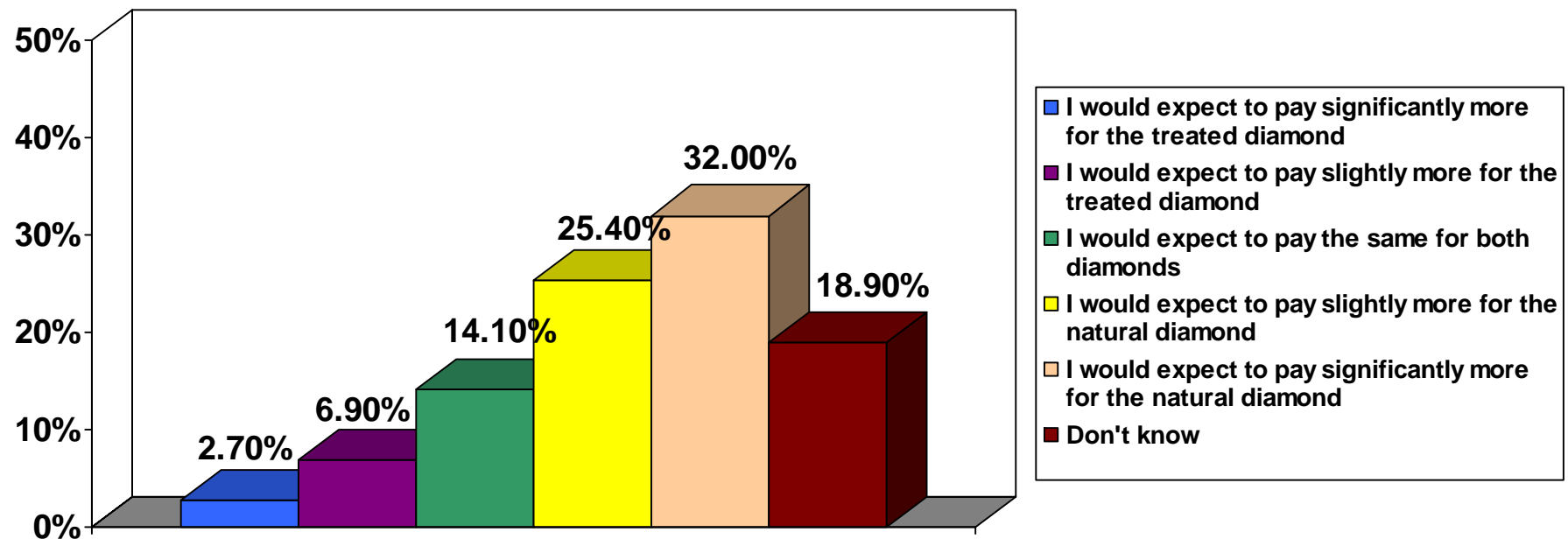
How likely are you to purchase a treated diamond?



*Base: All respondents (n = 2,399)*

# Treated Diamonds

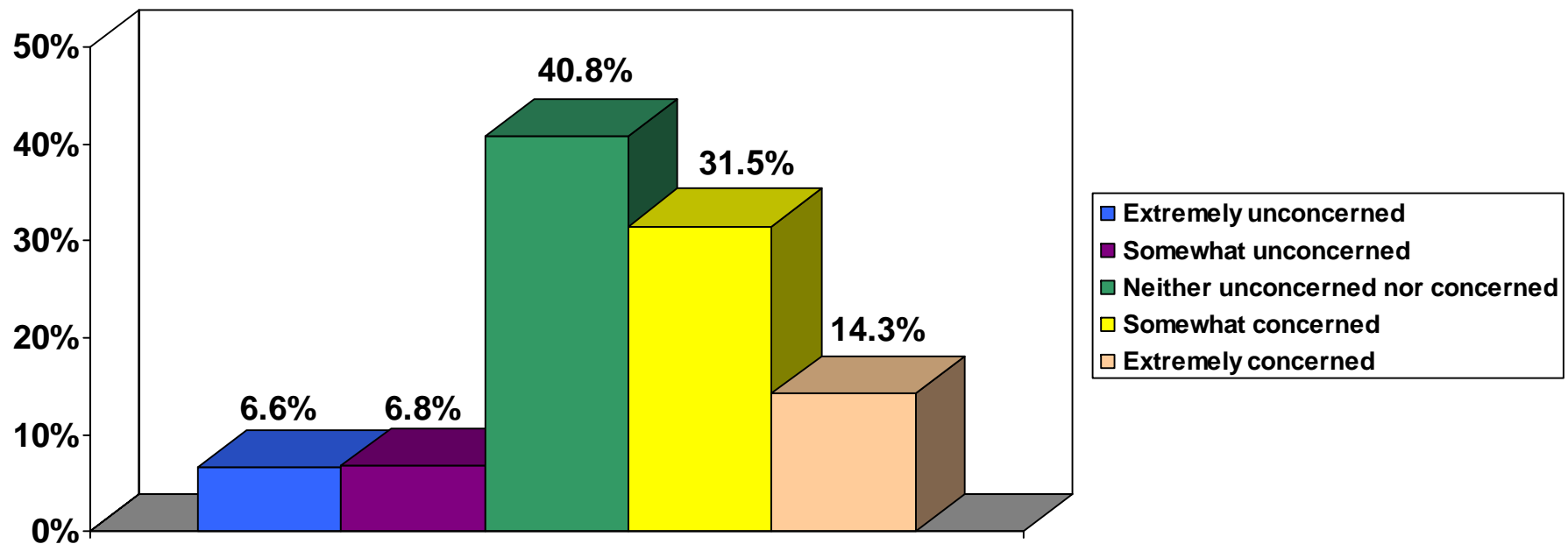
If you were presented with two diamonds identical in EVERY way (color, carat weight, clarity, etc.), and one was completely natural and one was treated, which of the following is true.



*Base: All respondents (n = 2,399)*

# Treated Diamonds

How concerned are you that diamonds you purchase as natural, untreated diamonds could actually be treated?

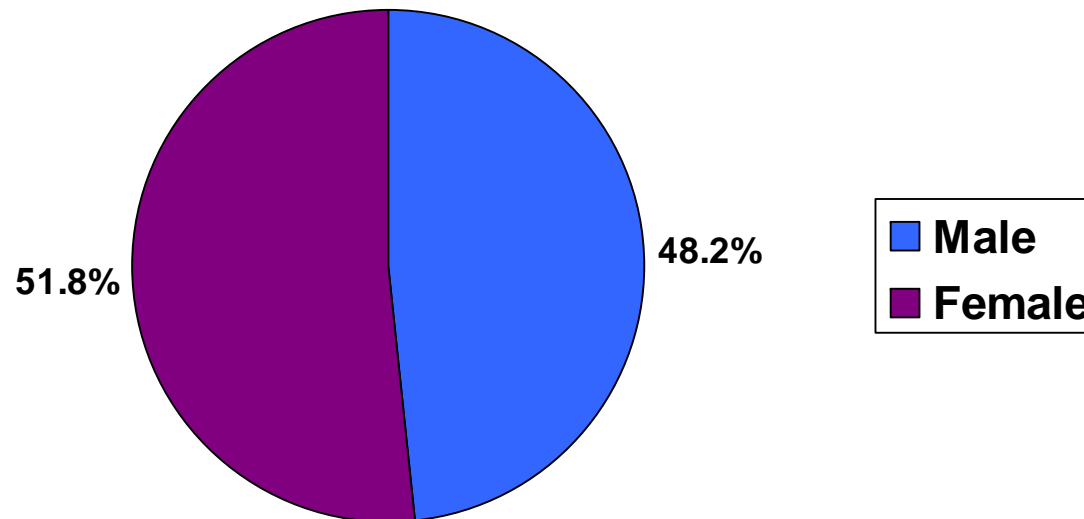


*Base: All respondents (n = 2,399)*

# Demographics

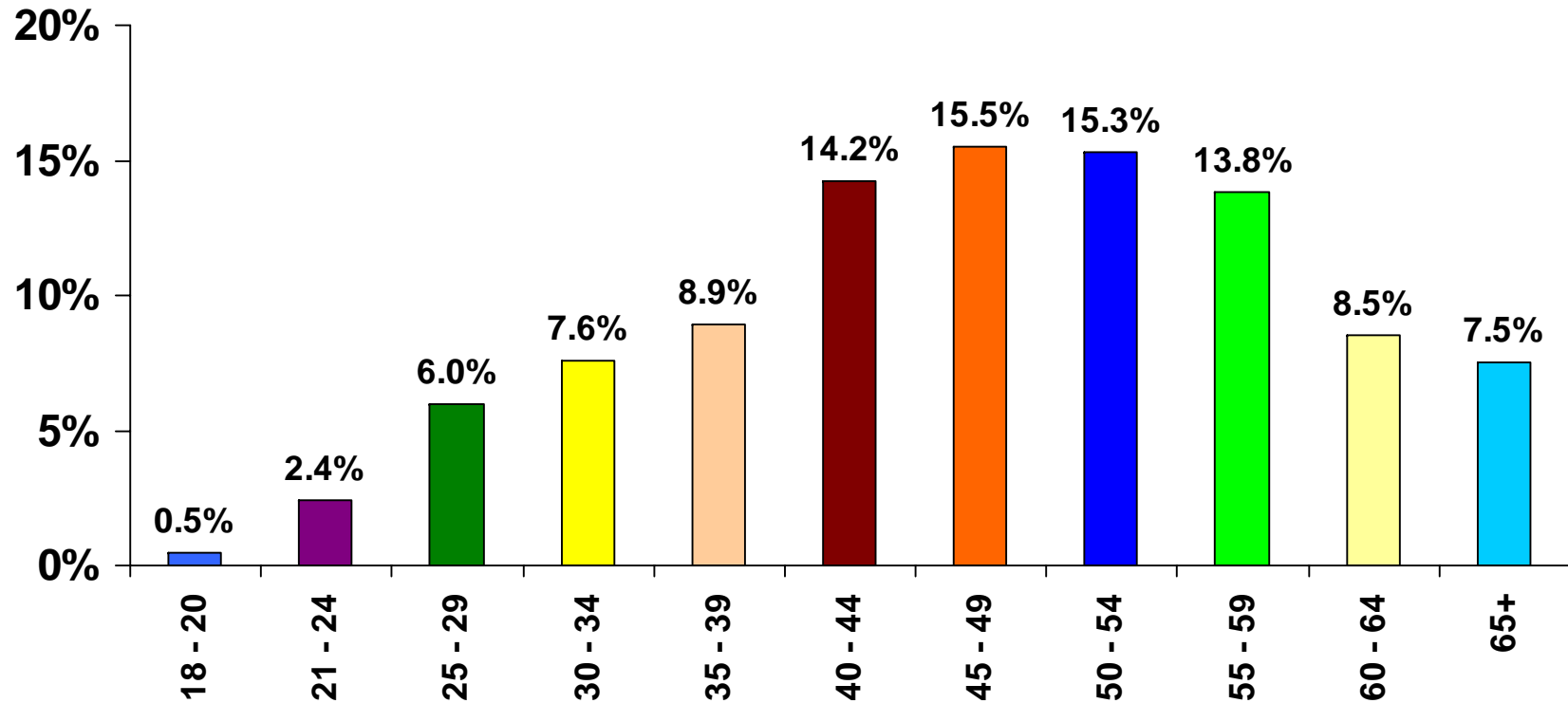
# Demographics

What is your gender?



# Demographics, *continued*

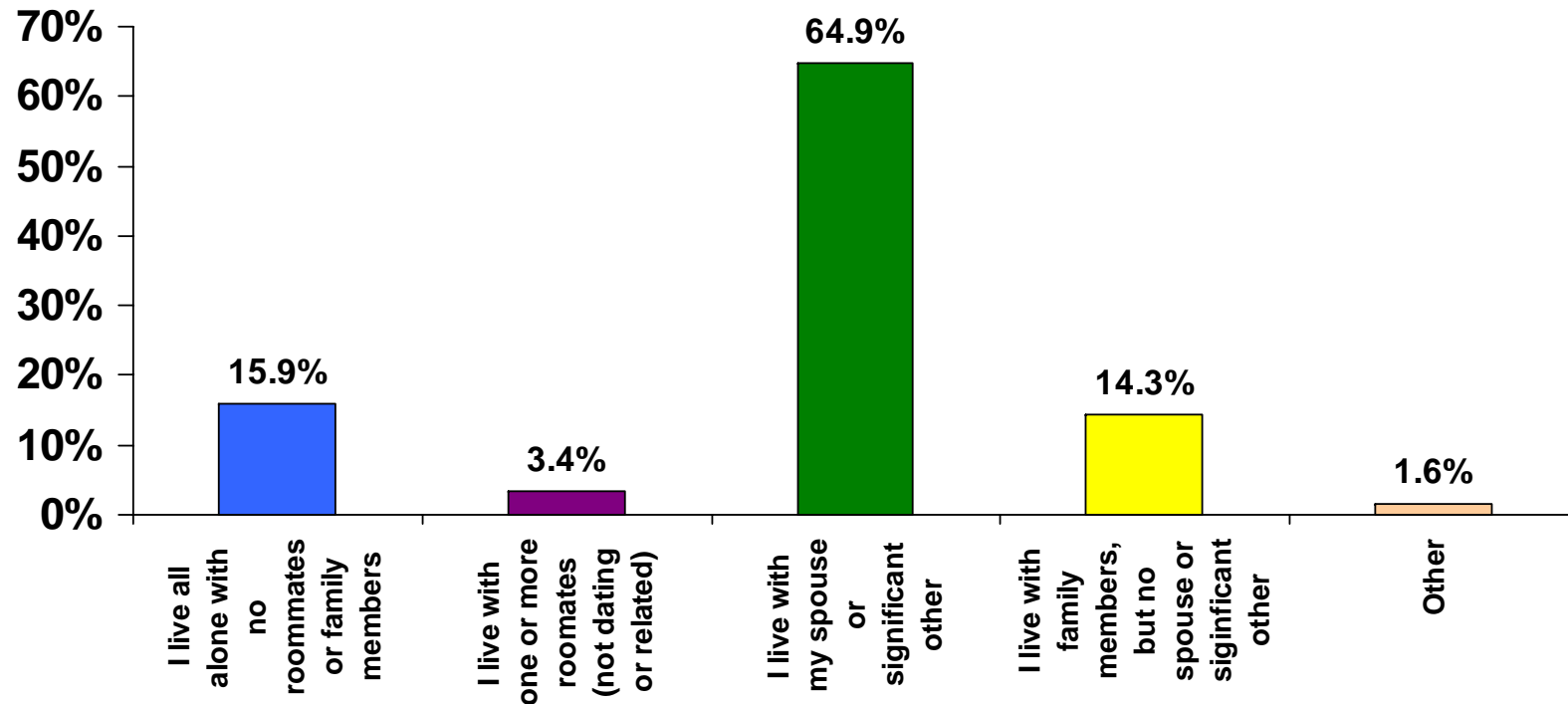
What is your age group?





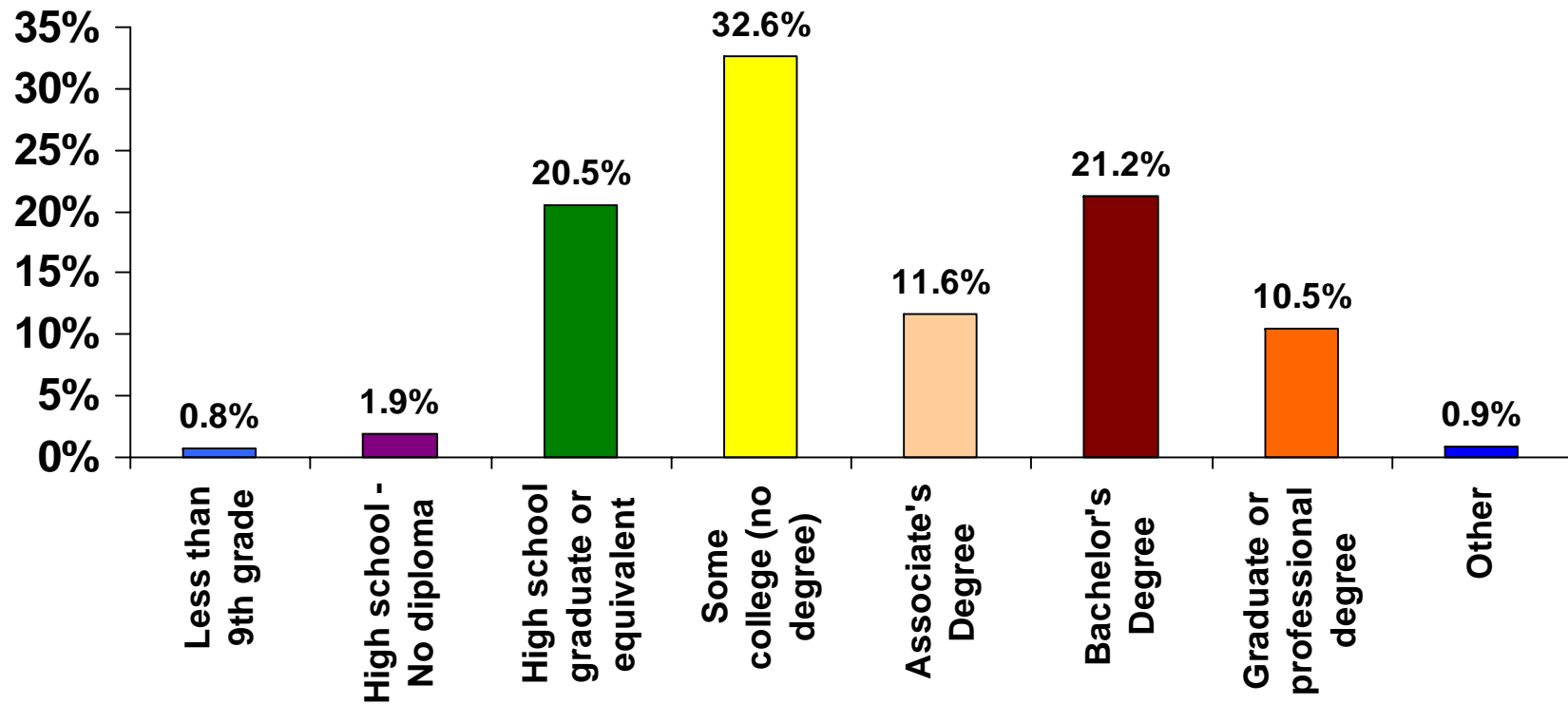
# Demographics, *continued*

Which of the following best describes your current living situation?



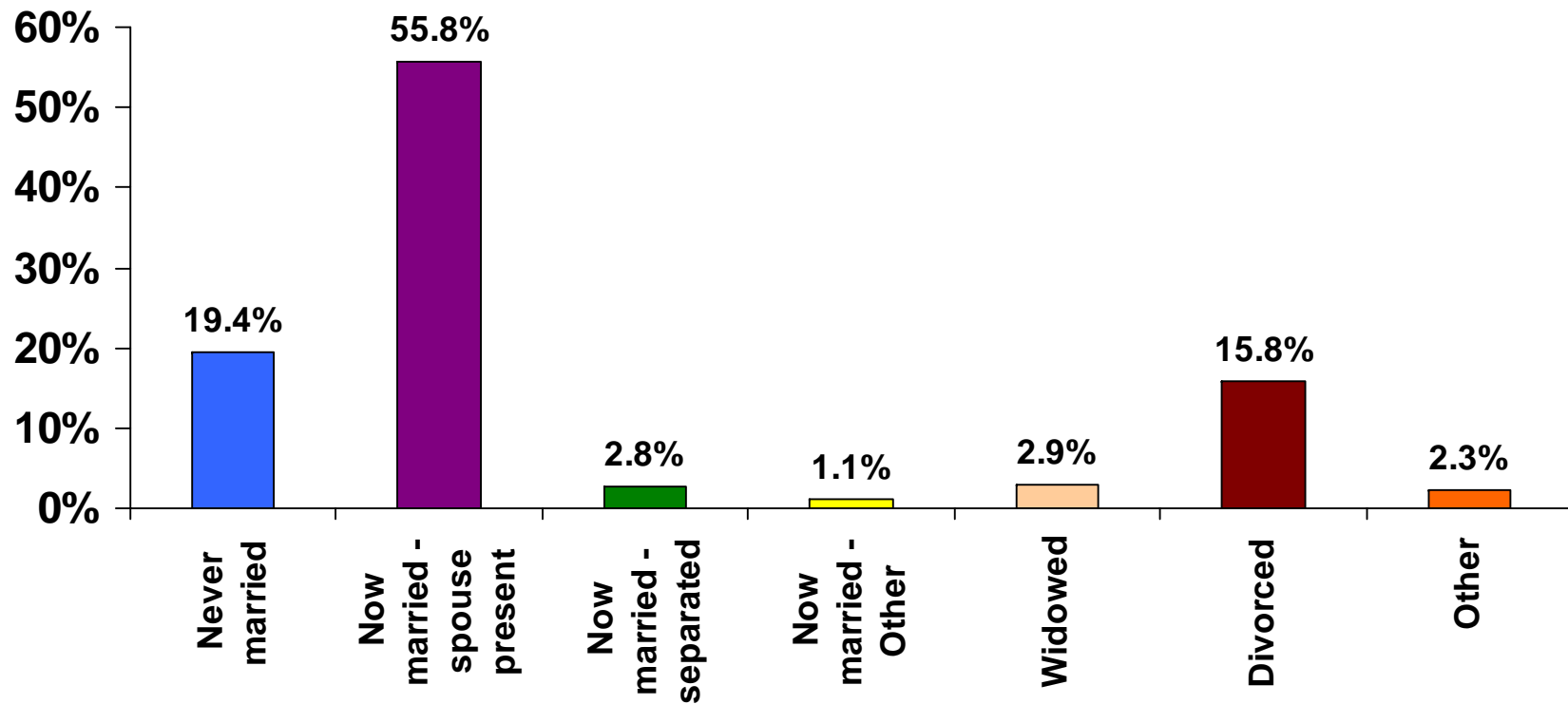
# Demographics, *continued*

What is your level of education?



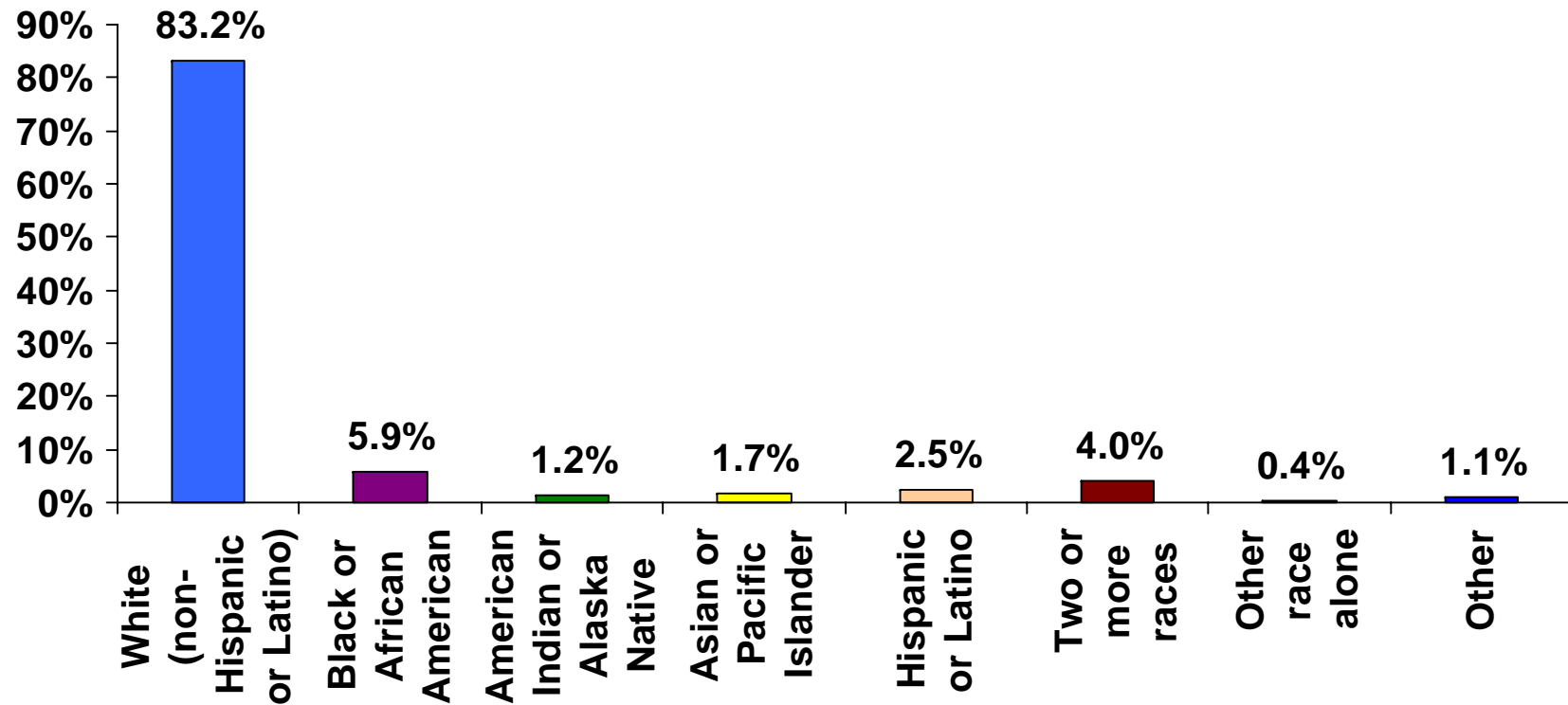
# Demographics, *continued*

What is your current marital status?



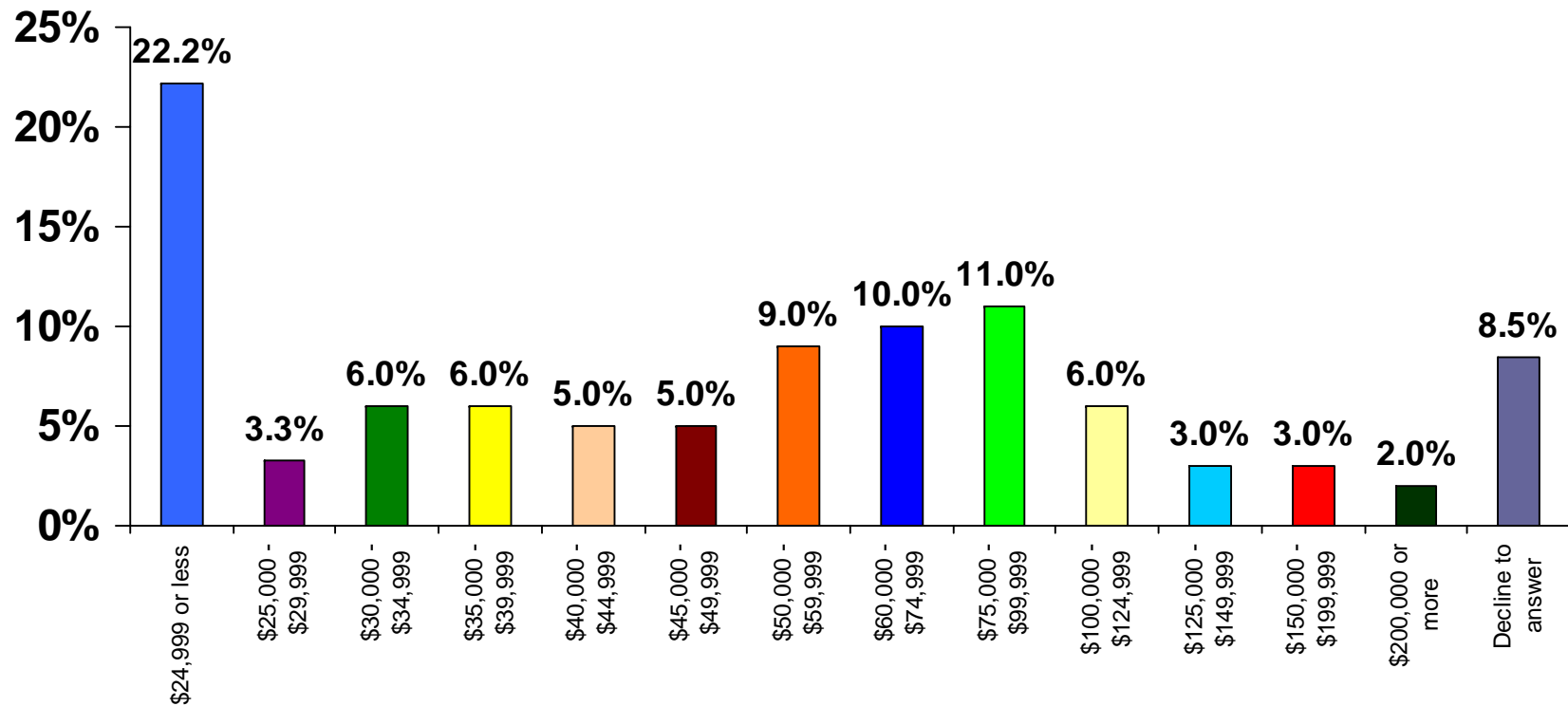
# Demographics, *continued*

What is your race/ethnicity?



# Demographics, *continued*

What is your average household income range before taxes?



# Strategic Recommendations

- Consumers do not hesitate to express that social responsibility is important to them. When asked to report on how the U.S. and global fine jewelry industries are doing in this area, they are divided, implying there is not a clear impression of the industry's success at being socially responsible.
- With three-quarters of respondents indicating they would not buy fine jewelry if it were mined, manufactured or sold in a socially irresponsible way, it is easy to see the potential ramification of this issue on retail sales.

# Strategic Recommendations

- Fortunately, the consumer has also communicated that it is the job of the jewelry industry to create systems to maintain social responsibility, with a large percentage believing it is the industry's responsibility to police these systems, as well.
- This creates an opportunity for the industry to be proactive in developing the protocol for creating and selling fine jewelry in a socially responsible way.
- The situation has not yet received enough negative publicity for the consumers to feel it is outside of the industry's capabilities to implement and enforce the solution.

# Strategic Recommendations

- With the Kimberley Process serving as the most prevalent example of an industry defined and enforced social program, it is easy to recognize how low consumer awareness really is.
  - As such, the generation of consumer awareness is equally important to the development of any social responsibility program implemented by the industry.
  
- With more than half of consumers citing the industry is not doing all it can to be socially responsible, now is the time to be proactive in maintaining an even stronger and more positive public image.



# Strategic Recommendations

- Economic factors are certainly impacting disposable income in the U.S., especially at the middle-to-lower ends of the household income brackets.
- Fine jewelry purchases are being squeezed out not only by less spending money (due to fuel prices, consumer debt, job cutbacks, etc.), but also by consumer demand for other goods such as travel, home improvement, electronics and other accessories.
- Essentially, consumers are saying they plan to buy less jewelry because they can't afford it and need other goods more. It is up to the industry as a whole to combat this sentiment and keep shoppers at fine jewelry counters.

# Strategic Recommendations

- Advertising, unfortunately, is not necessarily the answer.
- **The majority of consumers were unable to communicate which commercials have caught their attention recently, and recall of fine jewelry commercials was remarkably low.**
- The jewelry industry needs to be more innovative with their marketing and promotion spending, as traditional channels become more noisy and cluttered.

# Strategic Recommendations

- Man-made and treated diamonds continue to be a hot topic within the fine jewelry industry.
- Consumers are not saying they would reject either man-made or treated diamonds and have expressed an interest in learning more about both.
- There is, however, concern about the authenticity of natural, mined diamonds which will only increase as consumer awareness of man-made and treated diamonds increases.
  - It is up to the fine jewelry industry to find ways to ensure consumer confidence in the product remains strong.

# Strategic Recommendations

- Overall, this research has uncovered that consumers are alert to the issues being discussed within the fine jewelry industry. They are unable to ignore topics such as social responsibility, man-made diamonds and rising prices.
- Fortunately, the reputation of fine jewelry remains strong with most consumers despite the presence of many potential challenges.
- Consumers are giving the industry the lee-way to develop and enforce the systems necessary to maintain their confidence and it will be important to implement those systems before confidence erodes.

# About the JCOC

- The JCOC is confident the information included in this report is of interest and value to you. If you would like to learn more about the JCOC, please contact us to set up a web meeting. There are numerous benefits to JCOC research and we encourage you to consider some of our additional services:
  - Consumer preference & behavior evaluation
  - Premium opportunity testing
  - Product challenge & opportunity testing
  - New communication concept testing
  - Brand equity evaluation
  - Competitive assessment
  - Market size and market share quantification
  - Much more!

# About the JCOC, *continued*

- Just to give you a little more information about us:
  - MVI (JCOC's parent company) is NOT just a research company. Our value adding is our industry experience and wisdom.
  - MVI puts 20 years of jewelry industry market research, market intelligence and strategic analysis to work for you with the JCOC.
  - MVI will work with you to define your information needs and sure you ask the right questions of the right people.
  - MVI will develop your JCOC study questionnaires, gather your data, prepare your analysis and present a detailed report for you.
  - Most JCOC studies are completed within 3 weeks time. MVI provides 60 days of additional cross tabulations and analysis FREE with every project.

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