



A Mark of the World Federation of Diamond Bourses

Introductory speech given by Ernest Blom, vice chairman of the World Diamond Mark Foundation, and president of the World Federation of Diamond Bourses (WFDB), at the 2nd Breakfast Seminar of the 5th edition of the Antwerp diamond Trade Fair, January 28, 2014, Antwerp, Belgium.

Ladies and Gentlemen,

Good morning, thank you for having breakfast with us at this fabulous event, the Antwerp Diamond Trade Fair. I would like to thank -- on behalf of the World Federation of Diamond Bourses (WFDB) and the World Diamond Mark -- the ADFT's organizing committee and in particular my colleague and friend Marcel Pruwer, president of the Antwerp Diamond Bourse, for the invitation to speak here. During the past five years, I have seen this event grow from a small fair into a very successful, international and exclusive diamond exhibition that is now firmly place on the calendar of the global diamond and jewelry industry and trade.

My name is Ernest Blom, I am president of the World Federation of Diamond Bourses (WFDB), the organization that serves the interests of 28 member diamond bourses on five continents, and is the international diamond businesses standard bearer of rules of business conduct and practices, ethics and, as you will hear in my short presentation, aims to become, by proxy, the chief driving force for generic promotion of polished diamond to jewellery retailers and consumers.

I am also the vice chairman of the World Diamond Mark Foundation, and shortly I will introduce you the WDMF chairman, Alex Popov.

Ladies and Gentlemen,

Many of us visit the various diamond and jewellery business news websites and read some of the print magazines. A few weeks ago, industry analyst Edhan Golan gave an overview of the year 2013. It was an excellent story, published by IDEX online.

But the last paragraph - the conclusion - of his long article was the most important:

"The problem is that consumers are not as dead-set on diamonds as they used to be. To grow demand, more than just a decent economic climate is needed. Strong and successful marketing efforts are essential, as are educational programs that would raise consumer awareness of natural diamonds...The industry cannot simply count on competitive price points and the occasional headline grabbing record prices achieved at auctions."

I think many of us in the room here will agree that while this analyst's observations are right on target, he also is kicking in an open door. After all, we all know this.

- We know that consumers are not as dead-set on diamonds as they used to be;
- We know that to grow demand, we need not only a good economy, but also an all-industry marketing plan and consumer education programs to raise awareness of natural diamonds
- We also know that the industry cannot rely on anchor events such as diamond auctions and other headline grabbing events to promote diamonds among consumers.

And what have we - as an industry - done about it? To be truthful, not much, in any case, not enough!

To be fair, less than a decade ago, we all relied on a single operator to promote and advertise diamonds and diamond jewellery to the consumer, namely De Beers.

But with the withdrawal of De Beers from its role as the custodian of the market, the industry supply pipe line -- from manufacturers down to jewellery retailers -- was left to its own devices.

In the following year, a number of concerted efforts were then made by the diamond industry to develop independent, generic diamond promotion and advertising strategies which, for many reasons, never came to fruition.

Until a team of driven, highly motivated diamantaires -- all of them presidents of WFDB affiliated diamond bourses -- came up with a brilliant concept: the World Diamond Mark

The World Diamond Mark has been founded by the WFDB to address the core issues of consumer desirability through generic marketing, consumer and media confidence in the integrity of our product, consistent high quality educational programs and a commitment to ethical standards throughout the supply chain. So far, it has made strong progress and has succeeded in gaining the support of some of the industry's key players.

So what is the World Diamond Mark?

The World Diamond Mark[®] ("WDM") is a not-for-profit organisation incorporated in Hong Kong, established in 2012 by the World Federation of Diamond Bourses to promote consumer desirability and confidence in diamonds. The World Diamond Mark's global objective is to ensure the health and future growth of the diamond and jewellery industry in the luxury market sector through the creation of consumer demand, via a network of accredited retailers and generic marketing campaigns. It is based on three core activities:

- 1) Education and training of the jewellery retail business community about diamonds through the Authorised Diamond Dealer[®] ("ADD") concept of accredited retailers;
- 2) Confidence building with the consumer through the WDM's Authorised Diamond Dealer[®] retailer accreditation programme, and;
- 3) Generic consumer marketing and promotional programmes in core markets for diamonds and diamond jewellery, to improve diamond jewellery sales and market share, in collaboration with a leading consumer credit card company as global sponsor.

The Authorized Diamond Dealer concept is the cornerstone of the program. The international diamond business community, represented by the World Federation of Diamond Bourses (WFDB), will accredit jewellery retailers as Authorized Diamond Dealers. This will lead to greater and wider brand recognition of diamonds as a luxury product and to the increased visibility of diamonds in jewellery shops. Worldwide marketing campaigns will add to greater consumer confidence and enlarge the slice of diamonds in the luxury spending pie.

Allow me, however, to digress for a moment and address the issue that so many of us have been reading about, discussing, and arguing about – sometimes ad nauseam. I refer to gem quality, synthetic diamonds.

What we do need to understand are the reports that synthetic polished diamonds were found mixed in with natural diamond in parcels of melee diamonds and were sold by unscrupulous diamond dealers as natural diamonds!

It means that we have now entered a new stage in the diamond business. We're past the point where we were discussing how to call synthetic diamonds and now need to take practical, decisive steps to assure that these practices - whether executed intentionally or unknowingly - will not destroy the most important pillar on which our businesses rest, throughout the supply pipeline, namely consumer confidence.

Ladies and Gentlemen, this is not a reason, nor is it the time to come out with pompous and aggressive statements about how we will protect the natural diamond business and chase transgressors to the end of the earth. We will do that, rigorously, I can promise you that, but quietly, without screaming headlines.

This *IS*, however, the moment to double and triple our efforts to promote natural diamonds, because, after all, women want the real thing, natural diamonds that have been extracted, at great efforts, from the depths of the earth.

After all, each diamond can be unearthed only once, be picked out of tons of processed sand and soil, be recognized as a rare, gem quality diamond and ultimately, after a long and intricate process, be turned into a unique, sparkling diamond.

No machine made stone can compete with that! As the world's representative organization of the international diamond industry and trade, it was the first to answer the challenges that synthetic diamonds pose.

We know that gem quality synthetic diamonds are out there in the market. And let me reiterate that there is nothing wrong with that. These synthetic or lab-grown stones are as legitimate product that serve a specific niche in the jewellery consumer market.

However, anyone who sells and trades in synthetic diamonds needs to disclose the nature of these products, and follow the rules and regulations set out by the WFDB.

At the same time, the WFDB – and we share this position with many other international and national organizations in the diamond, gem and jewellery industry – will show zero tolerance to those bourse members who choose to ignore these rules and not disclose synthetic diamonds in the sales process.

The other issue I'd like to say a few words about is the need to sustain the profitability of our product throughout the supply pipeline. To the retailers among you, the problem of profitability in the upstream part of the supply pipeline is often less obvious. You have the very difficult but also magnificent task to move the diamond jewellery product the last 30 centimeters, from your hands into those of the consumer! However, for diamond manufacturers and dealers, the profit margins have become razor thin while at the same time, the financial burden is growing.

The WFDB - and also its sister organization the International Diamond Manufacturers Association - see the World Diamond Mark as an important tool to increase the diamond and diamond jewellery industry's profitability throughout the supply pipeline. And we're not alone in this belief.

Over the past six to eight months, the World Diamond Mark has gained broad support from key players in the diamond and jewellery industry, and it is clear from the support from these early adopters that the industry clearly endorses the WDM vision. We are convinced that within a short time we will reach an across-the board-industry consensus on the World Diamond Mark, a consensus that will also be expressed in financial contributions toward the funding of the WDM programmes.

We've now reached the stage at which we start implement the WDM's programmes, and for that purpose we have started - and succeeded - in securing seed funding.

Ladies and gentlemen, I am going to conclude but not before saying what a pleasure it is to be back in Antwerp again. Take some time to enjoy its sights and sample its culinary traditions! My colleagues, the presidents of the 28 bourses affiliated with the WFDB, and I look forward to coming back to Antwerp in June, to hold our 36th World Diamond Congress here.

My colleague Alex Popov is president of the Moscow Diamond Bourse and is also the chairman of the World Diamond Mark Foundation. He will now run you through a short presentation on the World Diamond Mark. We think it is important that we will leave plenty of time for questions - and I am sure you will have many.