

LEARNING OBJECTIVES

Module A. Diamonds and Due Diligence

Lesson 4 - Current Trends in the Media

Learning Objectives

By the end of this Lesson, learners will:

- Describe some historical and current uses of gems and precious metals, as well as the common appreciation and significance of gems and precious metals across many societies.
- List factors that contribute to the supply and demand of gems in current society
- Summarize how celebrity jewellery style and arts and design competitions can influence consumer demand and affect change in the marketplace.
- Describe the influence of consumer demand (and industry demand) for certified "responsible/ethical" products and the industry's response

INTRODUCTION

Module A. Diamonds and Due Diligence

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Introduction

For this lesson we'll do a quick survey of the significance of gems and precious metals in society, from both historical and current perspectives. This includes celebrity activities in North America and around the globe to as well as industry-initiated design competitions that raise awareness of particular portions of the gem and jewellery industry. Along with growing consumer knowledge, consumers are now demanding more information and accountability directly from the sources that they are buying from. Partially in response to consumers and partially from independent industry initiatives, Codes of Conduct and regulatory procedures have been developed to improve transparency both in Canada and on the international stage.

Essential readings and topics for this lesson

Topic	Pages
Voluntary Code of Conduct for Authenticating Canadian Diamond Claims	Preamble and Section 5.7 (Retailers)

Optional readings for this lesson

Topic	Pages
The Real Price of Gold – National Geographic Magazine	Online: http://ngm.nationalgeographic.com/2009/01/gold/larmer-text

SIGNIFICANCE OF GEMS AND PRECIOUS METALS IN SOCIETY

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Significance of Gems and Precious Metals in Society

Gems and jewellery have been intertwined with humans and religion for thousands of years and have played significant roles throughout antiquity. These treasures have been largely reserved for the wealthy and influential as symbols of power but also as amulets to tap into their inherent mystical properties. They have been used as royal gifts and official seals, and today many fantastic jewels of the world sit on display for public viewing. Precious metals and gems, especially diamonds and gold, have also been used as currencies and financial investments in one way or another.

Furthermore, the value and importance of gems and precious metals often transcended political and religious borders, indicating that most societies appreciate and value them for similar reasons. "Rankings" of gems and metals may differ from group to group, but the intrinsic beauty and value of certain materials is undeniable, as is the case with gold. This material has been incorporated in almost all societies and its discovery was likely made independently in many of the ancient civilizations. Its resistance to corrosion, beautiful colour and malleable nature has allowed this material to form the heart of much valued jewellery and religious items.

Today, many of the historical principles by which gems and precious metals earned their respect continue to underlie the variables that define their current value. Of course, things have changed a bit. Modern exploration and mining practices coupled with increased diversification of global wealth has generated a significant market accessible to individuals other than royalty and the ultra-wealthy. This has been effectively accompanied by clever marketing, especially in North America, that has driven the demand level dramatically since the early 1900's. The increase in demand has increased production, and therefore brought prices down considerably based on economies of scale.

Precious gems and metals have also been used as international standards for which to value national currencies against. The 'gold standard' was officially abandoned in only 1971, and economists around the globe closely monitor the precious metals industry for their clients, who range from individuals to large pension funds as well as governments. The value of these precious metals fluctuates with global economic conditions. For example, instability in major countries and major metal producing countries can cause dramatic price changes. For example, in the mid 2000's gold was valued at ~\$400 USD / ounce, but has since reached local peaks over \$1000 USD / ounce in March 2008, \$1200 / ounce in late 2009, \$1400 / ounce in late 2010, and as high as \$1889 / oz in late 2011.

"RED CARPET" EVENTS AND CELEBRITY STYLES

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"Red Carpet" Events and Celebrity Styles

Many of us in North America have our own collections of jewellery and gems but we are always looking to

the wealthy and famous to be impressed. Hollywood, and now increasingly Bollywood, has been used as a stage to advertise and promote specific lines and brands of jewellery as well as to market specific commodities. The stars of the stage are always adorned with fancy and expensive jewellery that only the top tier could afford, but often they don't own the jewellery they are wearing – it's borrowed! Designers and high end jewellery houses commonly lend out extravagant pieces for big events because there is no better publicity for their jewellery than being worn by a star that is receiving an award!

At the 2009 Golden Globe Awards much of the fine jewellery flaunted at the Red Carpet event included Red Stones, with a few diamonds and turquoise stones mixed in for diversity. Kate Beckinsale wore red chandelier-style red spinel and diamond earrings designed by Fred Leighton while Julia Ormond also sported red in Neil Lane-designed earrings encrusted with red garnets. J-Lo wore a large ruby ring with diamonds designed by L. Schwartz while Blake Lively was seen with a carved ruby, sapphire and diamond bracelet designed by Fred Leighton.

Eva Mendes was adorned with a necklace from the Van Cleef & Arpels collection that was originally made in the early 1970's. The piece was made in yellow gold and featured 132 individual and well matched turquoise stones accented by fine white diamonds totaling more than 36 carats. Along with the beautiful necklace were diamond earrings set in white gold. A second actress sporting Van Cleef & Arpels was Anne Hathaway who wore a set of 1930's sapphire and platinum earrings that matched an 18 karat white gold ring with a spectacular 13 carat sapphire.

Marketing of major brands has also been injected directly into motion pictures for quite some time: "Bride Wars" (a 2009 motion picture) clearly features Tiffany & Co. and their line of engagement rings, "Breakfast at Tiffany's" (from 1961) features Audrey Hepburn at the same luxury jewellery brand's store, and the 1953 film "Gentlemen Prefer Blondes" has Marilyn Monroe singing "Diamonds are a Girl's Best Friend".

Historical events can be very influential to the jewellery industry. Michelle Obama created a bit of a stir during Barack Obama's inauguration in the United States with her stylish jewellery selection. The Loree Rodkin-designed "Triple Constellation" diamond chandelier earrings she was wearing were studded with small diamonds and constructed of 18 karat white gold. Demand for similarly styled products increased dramatically following Obama's victory. Designer Loree Rodkin has likely seen an increase in demand for her pieces and other jewellery artists are sure to take notes from this influence on US trends. Similarly, the 2010 engagement between Prince William and Kate Middleton using a family heirloom prompted a number of manufacturers to design 'copies'. The original ring was built around a central oval-shaped blue sapphire weighing ~18 ct, and is surrounded by 14 smaller diamonds.

ARTS AND DESIGN COMPETITIONS

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Arts and Design Competitions

Like in many arts circles, design competitions and exhibitions for jewellery and gems are held to showcase a region's best artists, as well as to draw artists from around the globe. This raises the profile for certain aspects of the gem and jewellery industry and is an effective avenue for marketing efforts.

One excellent competition is "[AuDITiON](#)", which is sponsored by the [World Gold Council](#) and [AngloGold Ashanti](#). This competition focuses on innovative jewellery designs specifically in high-karat gold. The

location of the competition changes regularly and effectively brings current designs from many different global cultures. Recent events have been held in Brazil, South Africa, China, and India, with all winning designs compiled on their central website. Similarly, the World Gold Council also hosts the site "[Gold Inspirations](#)" in an effort to promote gold's use in art and jewellery.

The American Gem Trade Association (AGTA) hosts a well-known design competition in North America. That design competition is aimed primarily at the US custom-jewellery market and awards are given for a number of different categories including "Platinum", "Consumer's Choice", "Pearls", "Fashion", "Manufacturing", and "Cutting Edge". The "Cutting Edge Awards" are particularly interesting because of their focus on innovative and creative lapidary arts (or gem faceting).



An innovative 57.12 carat modified square radiant cut aquamarine by L. Woods. Photo courtesy of AGTA.



A fire opal (7.15 carats), yellow diamond and platinum brooch by J. Bilgore. Photo courtesy of AGTA.

CONSUMER TRENDS AND CORPORATE RESPONSIBILITY

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Consumer Trends and Corporate Responsibility

As much as gold and gems have been at the heart of precious items historically and through to high profile Hollywood events, today's consumers are driven by different concerns from those of even 10 years ago. People demand to know where their jewellery came from and what impact it has had on the lives of people involved in its production and on the land from which it originated.

For example, the movie "Blood Diamond" that widely hit the screens in 2006, retrospectively publicized the existence of diamonds that originate from zones of conflict and that were used to fund the continuation of those wars. A few years prior to the release of the movie "Blood Diamond", the Kimberley Process, an industry-driven set of regulations, was voluntarily adopted by the majority of the diamond producing and consuming countries of the world in a fight to quench the trade of illicit diamonds. In addition to being more aware of the potential illicit nature of diamonds, the savvy consumer with access to the Internet's vast information (and misinformation) also started to become concerned with the sourcing of the precious metals and other gemstones in jewellery.

While the mining impacts of diamonds from their host rock (kimberlite) is relatively low, the extraction of gold and other precious metals from the ground can have much more significant impacts. If mining of precious metals is done without corporate, social, and environmental responsibility, serious environmental and social damage can occur. This [National Geographic Magazine](#) article, which you may want to read, documents some of the negative impacts of gold mining in several countries and also looks at where the main global consumers are located (see link above). Initiatives working towards responsible practices include the Initiative for Responsible Mining Assurance (IRMA) and the Responsible Jewellery Council (RJC). In certain cases embargoes have been placed on products with questionable origin, as was the case with Burmese gemstones (mostly rubies and jade) that were originally banned from importation into the USA in 2003.

Sourcing "green" and "certified" products is also a current trend and is linked directly with assessing the full story behind each piece of jewellery for sale. "Green" products in the precious metals and gems world have largely been dominated by recycled materials, either from remelting of old pieces or simply reusing antiques. Non-metal and gemstone alternatives are also becoming more popular, as in the case of imitation coral. Certified products are those that have a specific origin and can be tracked back through their chain of custody to ensure that proper social, environmental, and corporate responsibility have been integrated into creating the product. The Kimberley Process is a very good example that covers an entire gemstone product and associated industry; similar processes are being done on a smaller scale for other gemstones and brands.

Partially prompted by the surge of demand for certified Canadian diamonds, this country has also produced a number of corporate leaders in certifying their products. For example, [Maple Leaf Diamonds](#) and [CanadaMark](#) are certified as products of the Ekati and Diavik diamonds mines of the Northwest Territories. Products branded as "Certified Canadian Gold" ensures that all products with this stamp use only gold that has been mined and refined in Canada. There is also a voluntary code of conduct that many Canadian diamond producers, manufacturers, distributors, and retailers follow that goes beyond the requirements outlined by the [Kimberley Process](#).



Required Reading

Read the **Preamble** and the **Retailers' Responsibilities** (Section 5.7) of the [Voluntary Code of Conduct for Authenticating Canadian Diamond Claims](#), in order to better understand the principles behind the Code of Conduct as well as issues of critical concern to the consumer's role in this industry. The "Definitions"

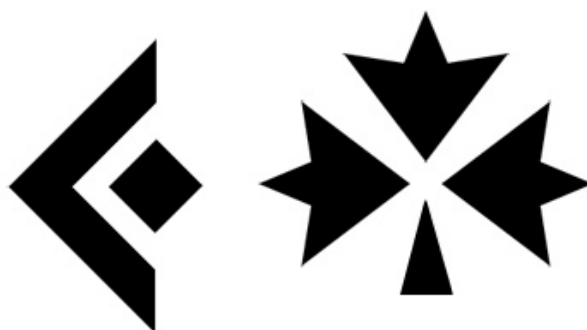


section is not required reading, but contains definitions to many jargon terms.

Note that this Code was updated from its 2006 version in 2010 and changes appear as highlighted text in the 2010 version. If you are interested in the changes, you can download the 2006 Version of the Code [here](#).



Stamp of authenticity for "Certified Canadian Gold". Image courtesy of [Corona Jewellery Company Ltd.](#)



Authenticity marks engraved on the girdle of each diamond for CanadaMarkTM-certified (left) and Maple Leaf DiamondsTM-branded (right) stone.

The internet has not only been effective at quickly disseminating information about some of the negative aspects of the gem and precious metals industry, but it has also allowed for a new form of retail to emerge. Online jewellery, precious metal and gemstone stores have popped up left, right, and center with variable success and reliability.

Of the thousands of stores promoting their product the most reliable companies are those with physical locations and longer histories. Issues arise for online consumers because it is easy for dishonest people to pass off imperfect or lesser stones to an uneducated and anonymous buyer. Retail jewellery stores with physical locations in malls or elsewhere would have a hard time doing this and dishonesty would quickly come back to them if caught taking advantage of the consumer.

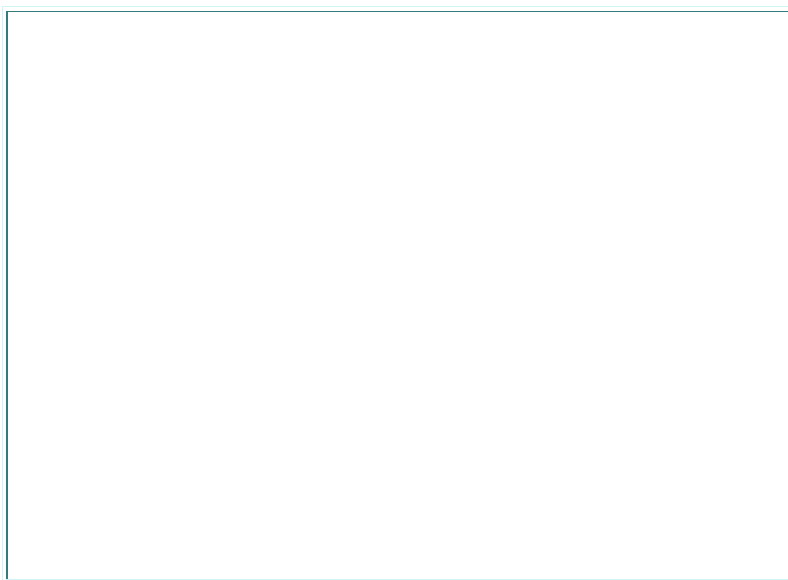
The price points for consumers considering buying online are actually fairly similar to what you would see today in a retail store within your community, except that you lose out on the personal face-to-face interaction with trained staff and associated customer service (such as ring sizing). [Blue Nile](#), however, is an example of a company that is selling diamonds and jewellery online in an honest and secure manner. On their website, internet users can quickly compare diamonds of different sizes, shapes and quality all from their home computer and the service has been reviewed by magazines such as Forbes, The Economist, and BusinessWeek.



Optional Video



Choose your speed from the table below to view a video showing products of the Maple Leaf Diamond jewellery line and their origin from a Canadian diamond mine.



EXTRA RESOURCES

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Extra Resources

Below is a list of magazines and websites that cover current market trends in the worlds of jewellery, gems, and precious metals. The list includes some of the more reputable online sources – often, these sites will have specific 'News' tabs. You are encouraged to bring any interesting, controversial, or useful information you find online to the discussion boards for EOSC118.

Jewellery

- Jewelers of America - <http://www.jewelers.org/>
- National Jeweler - <http://www.nationaljewelernetwork.com/>
- World Gold Council Jewellery Magazine - <http://www.goldinspirations.com/>
- Jewellery Business - <http://www.jewellerybusiness.com/>
- Canadian Jeweller Magazine - <http://www.canadianjeweller.com/>
- Jewellery World: Australian Jewellery Industry News - <http://www.jewelleryworld.net.au/>

Responsible Mining and Jewellery

- Initiative for Responsible Mining Assurance - <http://www.responsiblemining.net/>
- Responsible Jewellery Council - <http://www.responsiblejewellery.com/>

Diamonds

- World Federation of Diamond Bourses - <http://www.wfdb.com/>
 - World Diamond Council - <http://www.worlddiamondcouncil.com/>
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CHECK YOUR UNDERSTANDING

Module A. Rocks, Minerals and Gems

Lesson 4 - Current Trends in the Media

Learning Objectives

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Check Your Understanding

- Cultures worldwide greatly value gemstones, both historically and symbolically. What are some reasons why they are considered so valuable?
- What are some factors that affect the popularity of gemstones over time?
- What is the CDCC and how does it regulate the authentication of Canadian diamonds? How does this affect retailers? (ie. what sort of information are they required to provide to consumers?)

L04 CYU Form

Which of the following social issues are of increasing concern to consumers when buying jewellery?

- Environmental impact
- Celebrity preference
- Human rights
- Cheap prices

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