

# GEMFIELDS



Sustainability: The Future of Coloured Gemstones in China

A REPORT BY GEMFIELDS

JULY 2020

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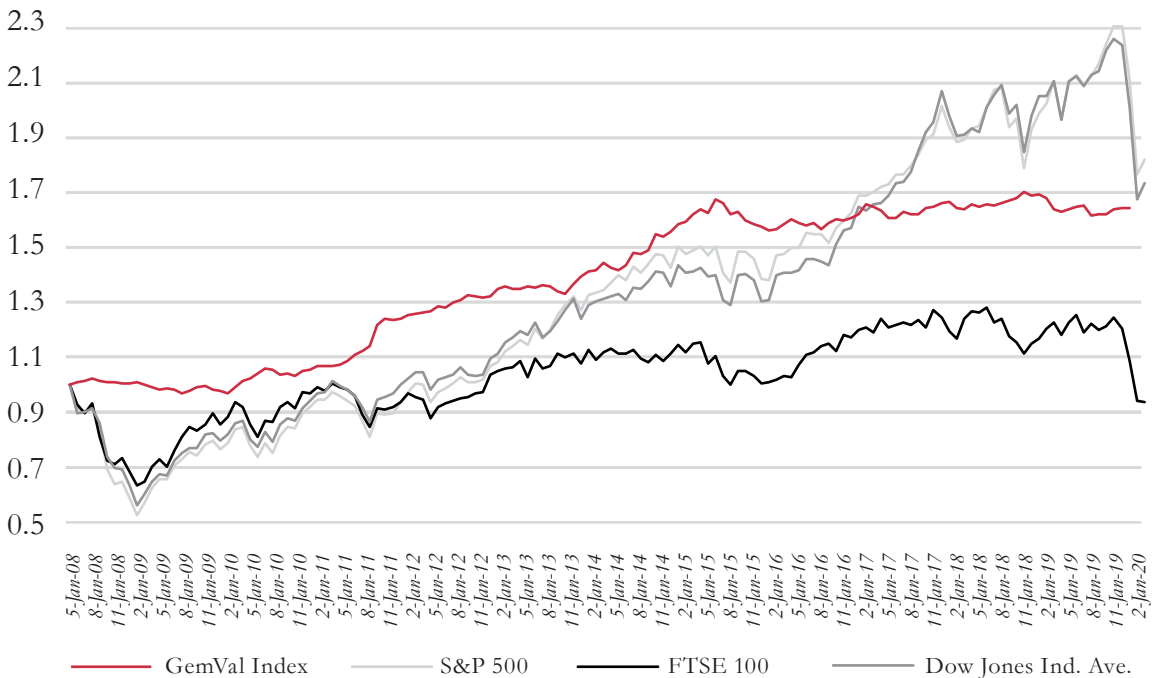




Sean Gilbertson  
CEO, Gemfields

## Introduction

The past decade has seen a robust upward pricing trend for coloured gemstones, highlighting their reputation as an inflation-defeating store of value and a guard against times of turbulence in global financial markets. China, the world's largest jewellery market, and accounting for up to 30% of global demand, has considerably propelled this rising trend.



All indices are re-based to 1.00 at May 2008. The GemVal Aggregate Index (GVA) is calculated (by [www.gemval.com](http://www.gemval.com)) as a total value of 26 standard specimens of gemstones and is intended to represent the overall pricing trend in the jewellery market.

As we release Gemfields' first ever report on consumer gemstone preferences in China, we do so with great excitement about the opportunities and potential for this vibrant market even in what is such a challenging year. The resilience and optimism shown in China's economic recovery can serve as a positive indication of the market's robust, long-term potential.

This report is based on extensive qualitative and quantitative research among gemstone owners across China's different regions, city tiers and levels of affluence, and is the first of its kind. The result is a set of clear conclusions as to the preferences and behaviours of gemstone owners in China across diverse demographics and geographies.

As well as looking at consumer preferences when it comes to gemstones, we also asked research participants questions about responsible business practices generally and responsible mining specifically. As the report reveals, now is the time to seize the consumer opportunity as well as to meet their ever-growing expectations of corporate responsibility and sustainability both as a business and a brand. We hope that you find the report insightful and enlightening.



# Report Highlights

The following pages of this report detail the findings from both the qualitative and quantitative research conducted across gemstone ownership and purchasing preference, purchase drivers, opinions on responsible business practices as well as responsible mining and sourcing of gemstones. The key takeaways can be summarised as follows – with detailed findings following after.

- There is huge potential for coloured gemstones in China. Consumers enjoy both the colours and the associated meanings of coloured gemstones but at present they remain largely overlooked in favour of diamonds. The key finding is that consumers need (and want) advice on how to style the different colours in order to confidently wear them.
- Rubies and diamonds are the most popular across the board.
- There is opportunity for more contemporary jewellery designs and a modernisation of image for particular gems, such as emeralds.
- Consumers are willing to pay a premium for knowledge of responsible mining and gem sourcing.
- There is an expectation that companies should adopt responsible business practices, with consumers recognising that the matter goes further than informing a purchase decision, but rather impacts the overall brand image.



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# Coloured Gemstone Preferences

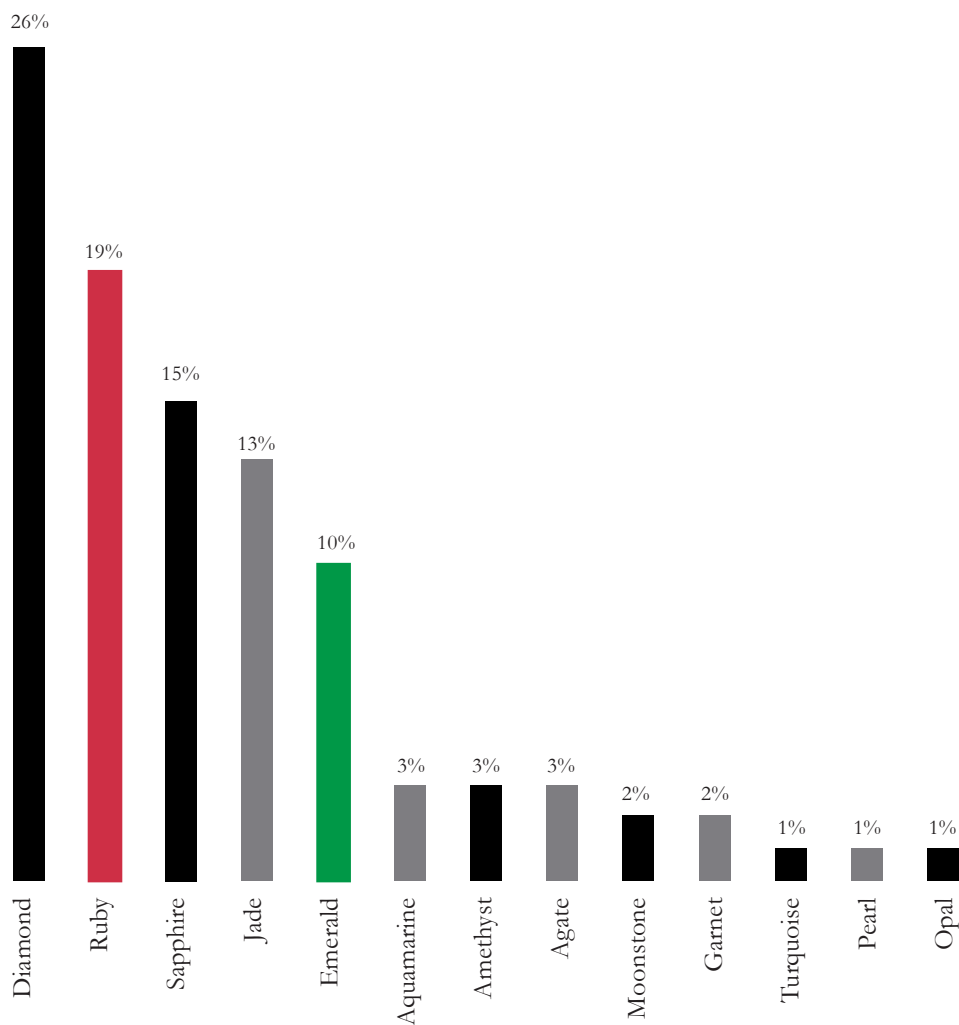
The quantitative findings show that consumers prefer diamonds and rubies over all other gemstones. Women are more likely to prefer diamonds while men are more likely to prefer jade. Respondents in the younger age range (21-38 year-olds) are more likely to prefer diamonds, while the more mature group (39-60 year-olds) prefer rubies, emeralds and sapphires. Tier 1<sup>1</sup> city residents are more likely to prefer diamonds and rubies, while those in Tier 2 cities tend to prefer jade. Diamonds are preferred more by those in the North<sup>2</sup> and South, while rubies and emeralds are equally preferred across all geographical regions of China.

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<sup>1</sup> and <sup>2</sup>: See page 32 for further details.

MOST PREFERRED COLOURED GEMSTONE

Q: Of the different coloured gemstones you are aware of, which do you prefer the most?  
Base: n=805, All respondents  
May not add to 100% due to rounding

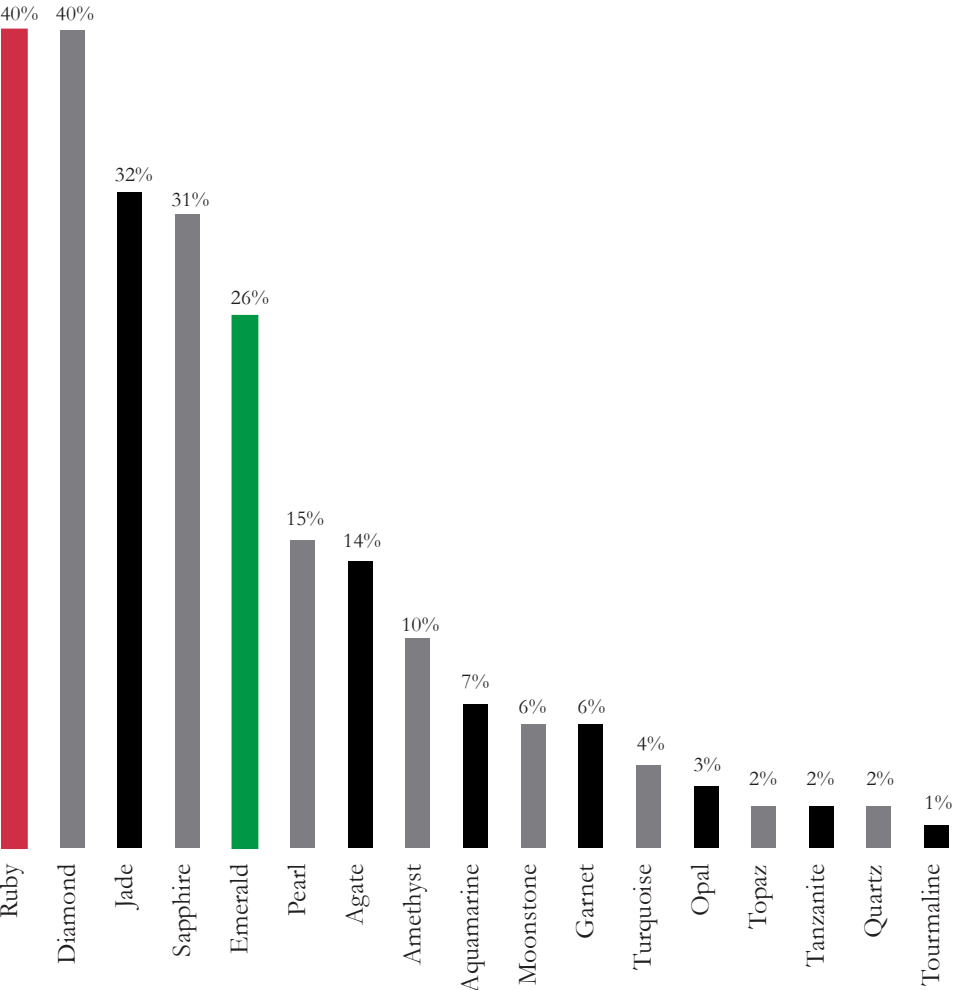


# Coloured Gemstone Ownership

Findings show that based on quantity, rubies and diamonds are the most popular gemstones purchased in the last year, followed by jade and sapphires. The ownership of gems based on segments is diverse, with women more likely to own diamonds than men, who instead own more jade. Looking at city tiers, it is perhaps unsurprising that Tier 1 respondents own more gems than those in Tier 2 cities, across all gemstones, from emeralds to rubies, diamonds and sapphires. Jade is clearly more popular among Tier 2 consumers than those in Tier 1 cities. Rubies and emeralds are more likely to be owned by those in the North and South, while sapphires are more likely to be owned by those in South and East.

COLOURED GEMSTONE PURCHASED IN PAST 12 MONTHS

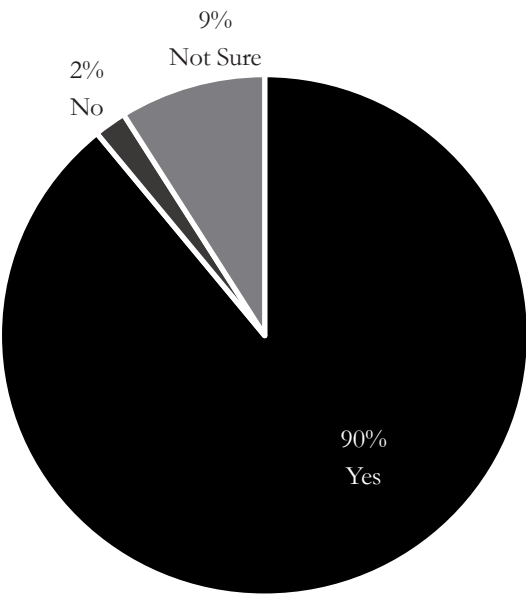
Q: Which coloured gemstones have you bought for yourself in the past 12 months?  
*Base: n=805, All respondents*



# Future Gemstone Purchase Intentions

A clear majority of consumers plan to buy jewellery in the near future with rubies being their first choice, followed closely by diamonds. Rubies and diamonds are more likely to be purchased in the future by respondents in the North, South and West, emeralds by those in the North and jade by those in the East and South.

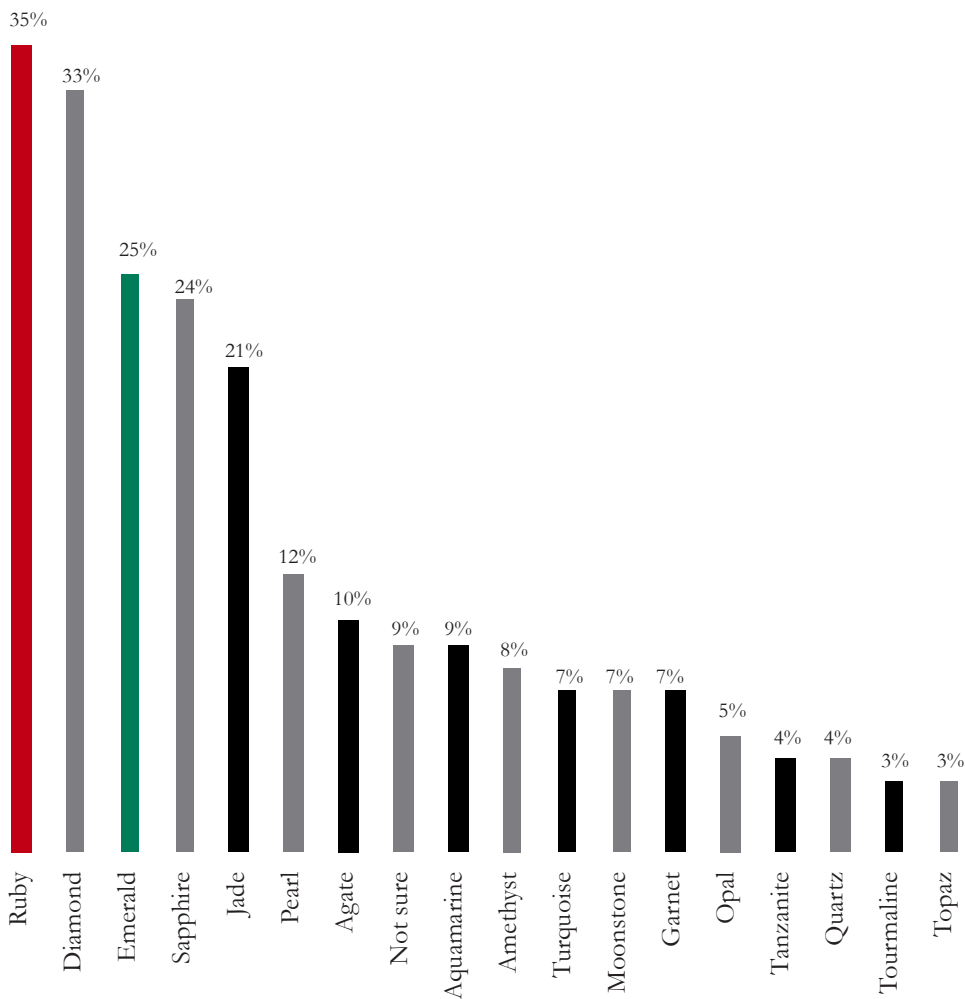
Q: Thinking about the next 6-12 months<sup>3</sup>,  
are you planning on purchasing any jewellery?  
*Base: n=805, All respondents*  
*May not add to 100% due to rounding*



3. This question was asked before Covid-19.

PURCHASE PLANNING BY GEMSTONE TYPE

Q: What kind of jewellery are you considering to purchase in the next 6-12 months?  
*Base: n=792, Respondents planning to purchase jewellery*



## Qualitative Findings

Diamond is a clear favourite among younger women across all cities because of its luxurious sparkle and suitability for diverse occasions. Where rubies are preferred, it was said to be because of their elegant red colour, however respondents indicated a perception that rubies are not often set in contemporary-looking jewellery. Jade is popular, particularly in Tier 2 cities, such as Chengdu, where most consumers interviewed perceive it to have the highest investment value of all gemstones. Less common and less popular than rubies and jade, emeralds are seen on celebrities, but are commonly associated with older people and are perceived to be difficult to style a whole look with.

*“Diamonds look high-class, luxurious, and elegant. Sapphires and emeralds are shiny, but I still think it is a diamond that belongs to luxury and elegance, and is everlasting.”*

Cheng, Chengdu

*“The colour is beautiful, and Chinese people prefer the colour red, so rubies are more popular.”*

Yan, Beijing

*“It feels like jade is spiritual. Every time I feel uncomfortable or bad, I would wear it for blessing myself.”*

Liu, Chengdu

*“I can’t wear young and fashionable clothing [with emeralds] – they just don’t match.”*

Feng, Shanghai

*“These findings represent an exciting opportunity in marketing coloured gemstones. The consumer base has a rising interest in coloured gemstones and, specifically, are seeking more contemporary jewellery designs. These consumers would appreciate guidance and styling advice on how coloured gemstones can be worn in a modern and fresh way. Marketing opportunities can therefore not only centre around when and how to wear coloured gemstones, but also on design concepts and creative, personalised styling.”*

Emily Dungey,  
Marketing & Communications Director, Gemfields



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# Coloured Gemstone Purchase Drivers

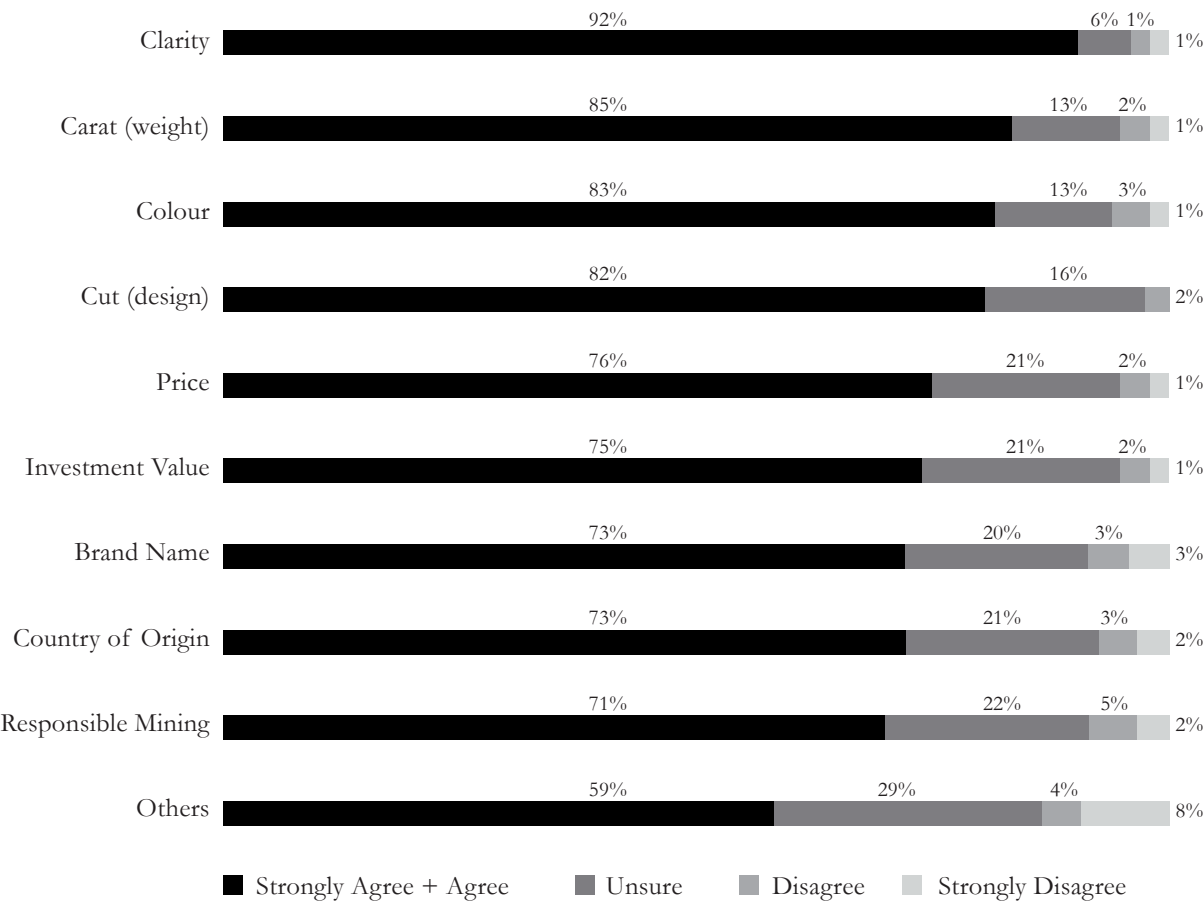
The quantitative survey shows that the four Cs – clarity, colour, carat and cut – are the top attributes for gemstone purchase decisions. Neither country of origin nor responsible mining is among consumers' key consideration factors and the gemstone itself remains the central focus. However, around a fifth appear to be unsure about the impact of responsible mining and country of origin in their purchase decision-making, offering opportunities for further consumer education.

GEMSTONE PURCHASE DECISION-MAKING FACTORS

Q: To what extent do you agree that the following consideration factors impact your gemstone purchase decision making?

Base: n=805, All respondents

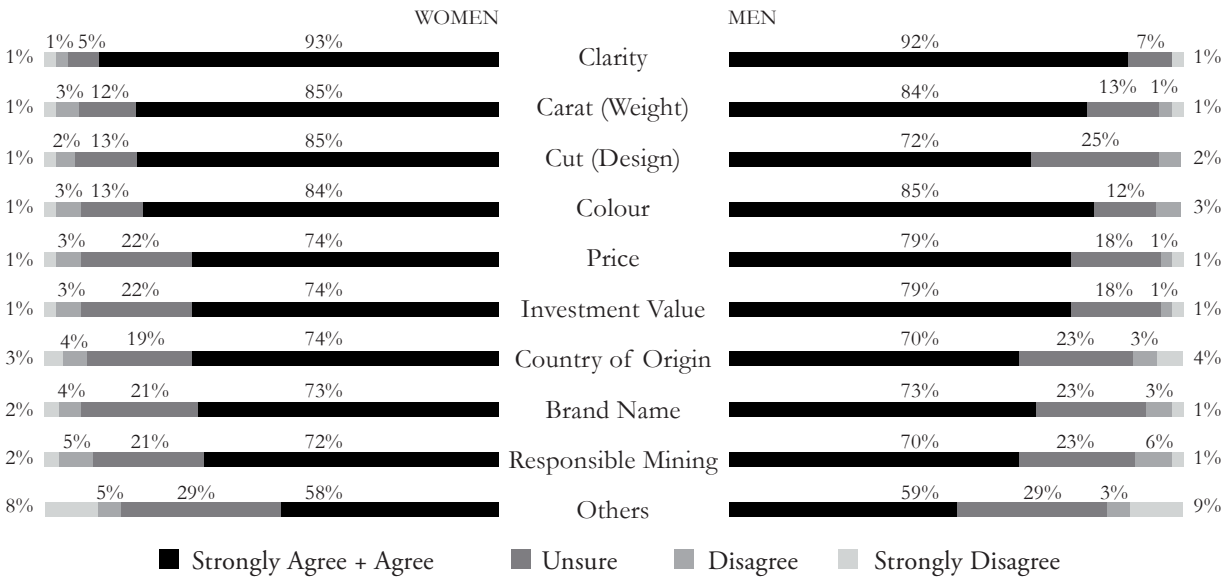
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# Key Differences Between Consumer Segments

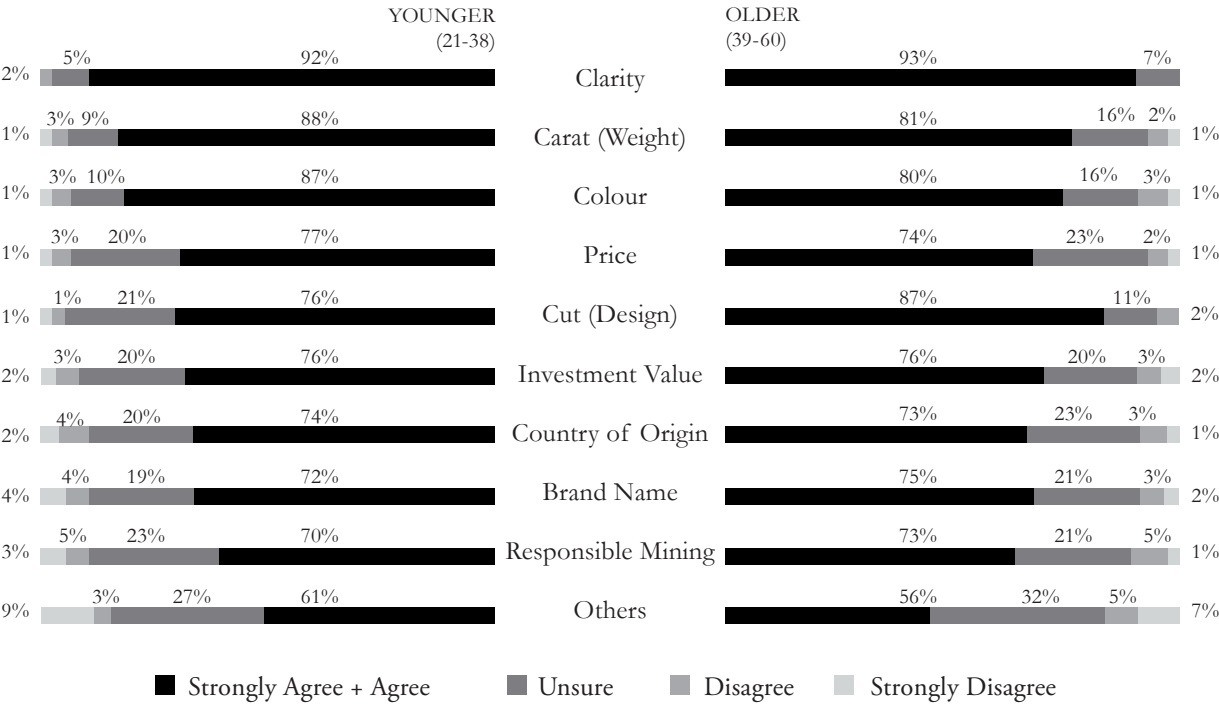
In terms of statistically significant differences between consumer segments, women appear to prioritise clarity, carat, colour and cut, whereas men tend to place more importance in order of clarity, colour, carat, price and investment value.

## GEMSTONE PURCHASE DECISION-MAKING FACTORS BY GENDER



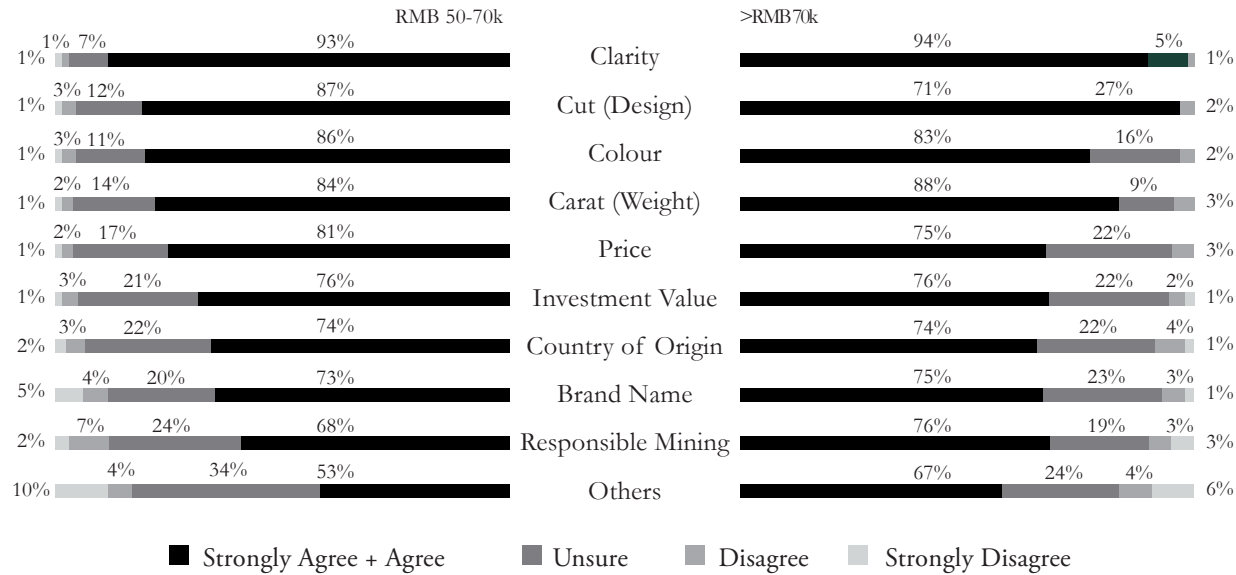
For younger consumers, those aged between 21 and 38, clarity, carat, colour, price, cut and investment value are among the most common consideration factors that impact their purchase of gemstones. For older consumers aged 39 to 60, clarity followed by cut, carat and colour are the biggest consideration factors.

GEMSTONE PURCHASE DECISION-MAKING FACTORS BY AGE



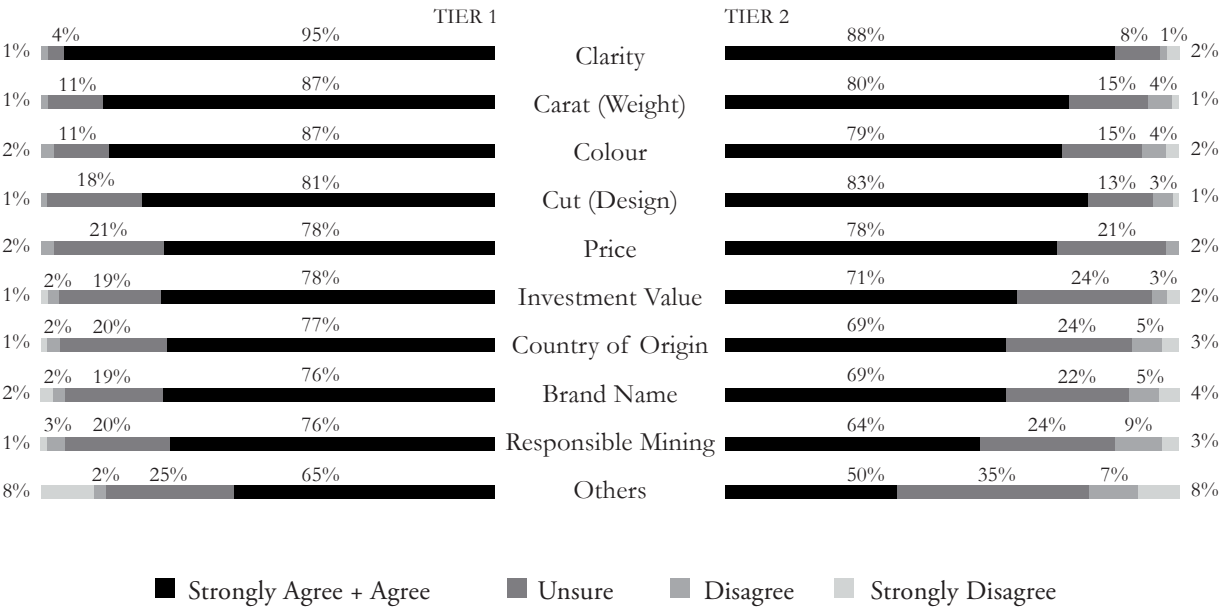
Consumers earning a total monthly income of RMB 50,000 to RMB 70,000 prioritise clarity, cut, colour and carat when purchasing gemstones. Those earning more than RMB 70,000 per month appear to place importance on clarity followed by carat, colour, investment value and responsible sourcing. Interestingly, higher earning consumers are more likely to consider responsible mining during their decision-making process than those earning less than RMB 70,000 per month.

GEMSTONE PURCHASE DECISION-MAKING FACTORS BY MONTHLY HOUSEHOLD INCOME (RMB)



Tier 1 city consumers prioritise clarity, carat, colour and cut in their gemstone purchase decision-making, while consumers living in Tier 2 cities are more likely to prioritise clarity, cut, carat and colour. Tier 1 city consumers also appear to place more importance on country of origin and responsible mining than those in Tier 2 cities.

GEMSTONE PURCHASE DECISION-MAKING FACTORS BY CITY TIER





Emily Dungey  
*Marketing &  
Communications  
Director, Gemfields*

“It’s clear that the gemstone characteristics themselves - in terms of clarity, carat, cut and colour - rule purchasing decisions. While preferences of gemstone type differ amongst demographic segments both in terms of geography and age, other common key factors in the purchasing decision were perceived investment value and responsible sourcing.

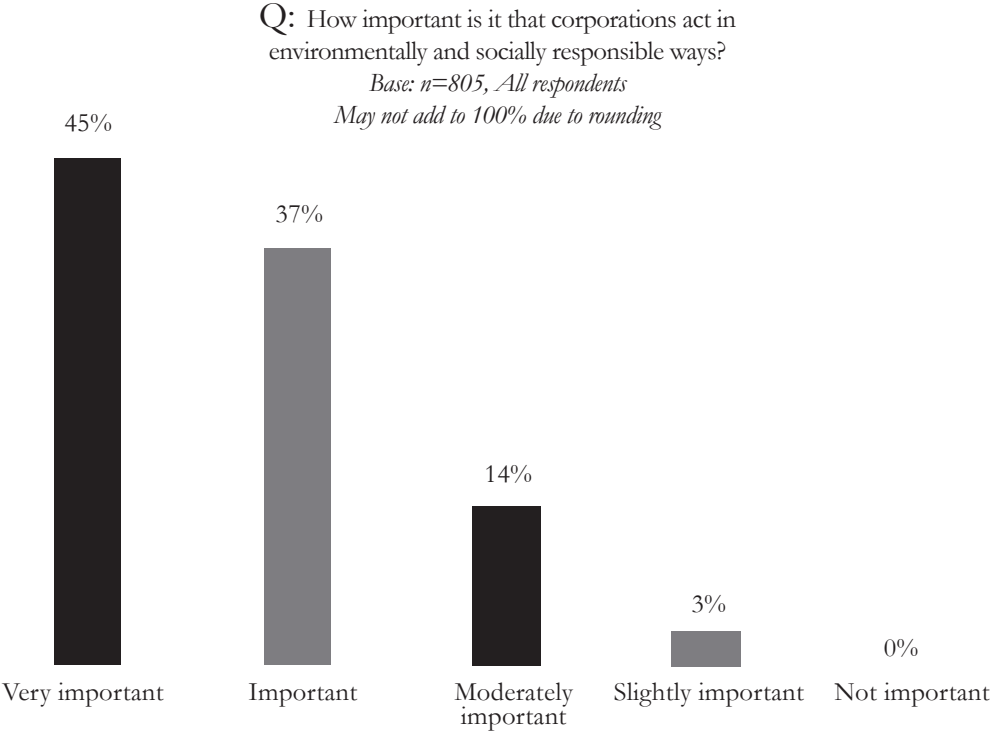
Affluent females in Tier 1 cities and consumers above 38 years old consider origin and responsible mining in their purchase decision-making process more than other demographic segments. Identifying this audience as the most engaged represents an exciting opportunity on which to focus future marketing and communication efforts. This could prompt a ripple effect in both knowledge and understanding of responsible sourcing as well as furthering the purchase enjoyment for consumers themselves.”



# Importance of Responsible Business Practices

The majority of consumers believe that it is important for corporations to act in environmentally and socially responsible ways. Importance is high with both genders, while more men than women see it as ‘very important’. While not necessarily a key purchase driver for coloured gemstones, younger (below 39 years old) respondents consider responsible business practices of corporations as more important than older (aged 39-60) respondents. Additionally, for Tier 1 and affluent consumers – especially those in the North – this is very important.

## IMPORTANCE OF CORPORATIONS TO ACT IN ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE WAYS



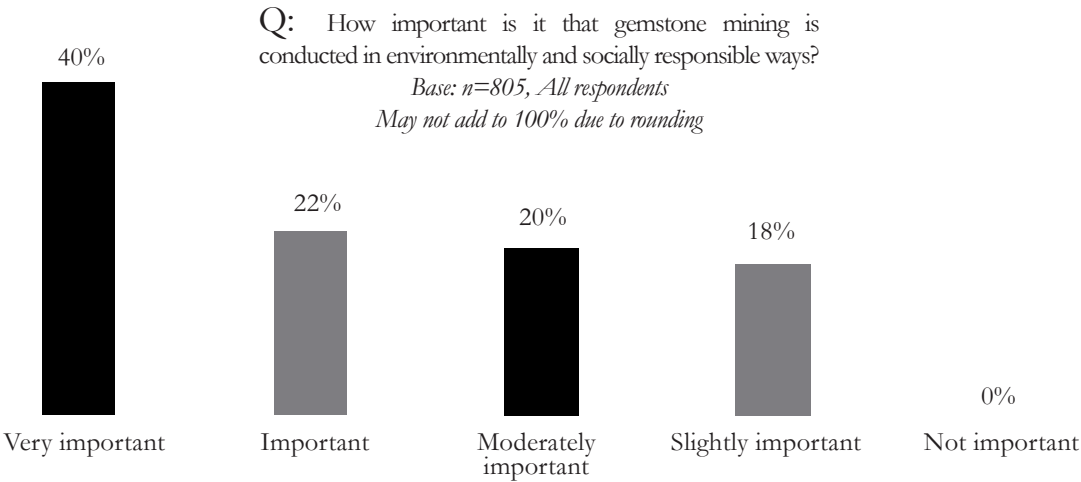
## STATISTICALLY SIGNIFICANT DIFFERENCES:

- Men are more likely than women to consider responsible sourcing very important (53% cf. 43%).
- Younger (below 39 years old) respondents consider responsible business practices of corporations as more important than older (aged 39-60) respondents.
- Consumers in Tier 1 cities are more likely than those in Tier 2 cities to consider it very important (53% cf. 34%).
- Consumers earning RMB 70,000 or more per month are more likely to consider it very important than those earning less than RMB 70,000 per month (58% cf. 37%).
- Consumers in the North are more likely than other regions to consider it very important.

# Role of Responsible Sourcing of Coloured Gemstones

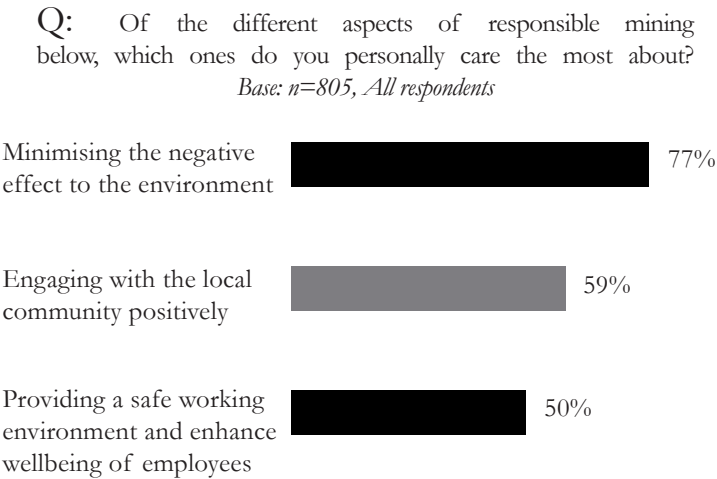
Environmentally and socially responsible mining is seen as important by the majority of consumers. Similar to the findings regarding the importance of responsible business practices, it is the younger, Tier 1, affluent consumers who state that environmentally and socially responsible mining is very important, even though this is not among their key purchase drivers for coloured gemstones. Interestingly, ruby and emerald owners are more likely to consider responsible sourcing very important.

IMPORTANCE OF RESPONSIBLE MINING PRACTICES



Of the various aspects of responsible actions of mining companies, consumers care most about minimising the negative impact of mining on the environment.

RESPONSIBLE MINING PRACTICES PEOPLE CARE ABOUT THE MOST

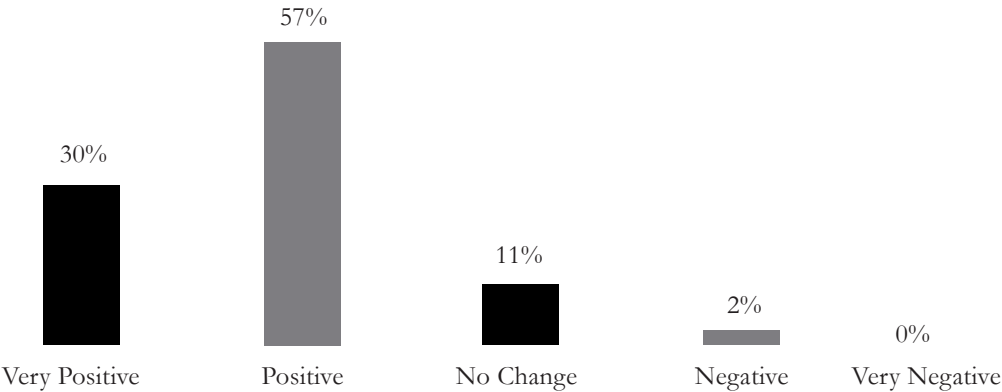


# Willingness to Pay a Premium for Responsibly Sourced Coloured Gemstones

In addition to consumers expecting responsibly sourced products, the findings clearly demonstrate that responsible mining practices have a positive impact on overall brand image. Denoting the same pattern, the more affluent residents from coastal Tier 1 cities in North, East and South are more likely to note a very positive impact on brand image.

## IMPACT OF RESPONSIBLE MINING PRACTICES TOWARD BRAND IMAGE

Q: How, if at all, does responsible mining impact your perception of the gemstone brand?  
*Base: n=805, All respondents  
May not add to 100% due to rounding*



Significantly, it's not only related to image and belief – 97% of respondents are willing to pay a premium for gemstones mined in an environmentally and socially responsible way.

PREMIUM WILLING TO PAY FOR RESPONSIBLY MINED  
GEMSTONES

Q: How much more would you be willing to pay for gemstones  
mined in an environmentally and socially responsible way?

*Base: n=805, All respondents  
May not add to 100% due to rounding*



Jack Cunningham  
*Sustainability, Policy  
& Risk Director,  
Gemfields*

“Affluent, Tier 1 city respondents across China – particularly higher earners in the North, East and South – regard corporate responsibility from activity undertaken by a gemstone company as very important. Whether responsible business practices or wider societal activations, the respondents display a strong interest in the topic, and notably, are willing to pay a premium to purchase gems that meet this criteria. It is also interesting that the consumer not only expects responsibility throughout the business – but that they see a direct link between the responsible business practice and the brand image.”

# Methodology

This report is based on research conducted between November and December 2019. Qualitative research included focus groups and one-on-one interviews in Beijing, Shanghai and Chengdu. Quantitative research involved an online survey of 805 participants across a number of Tier 1 and 2 cities listed below.

Qualitative focus group respondents were all female and age-segregated into groups (aged 21-38 and 39-60). All had to own at least one self-purchased coloured gemstone piece worth RMB 5,000 each in the past 12-18 months (capped at 50% of jade-only owners) and at least one self-purchased diamond piece worth RMB 5,000 each in the past 12-18 months. All participants were main jewellery purchase decision-makers and at least slightly active in terms of day-to-day environmental and/or social activities. One-on-one interview participants had to own at least two coloured gemstone pieces worth RMB 10,000 or more each.

Quantitative research was conducted as an online survey lasting approximately 20 minutes to self-complete. A total of 805 participants aged 21-60 across Tier 1-2 cities had to earn a minimum total household income of RMB 50,000, be the main jewellery purchase decision-maker, and had purchased a gemstone in the past 12 months with a maximum of 30% of jade-only owners. All respondents had to also be at least slightly active in terms of day-to-day environmental and/or social activities.

The findings are reported at an overall level as well as statistically significant differences at a 95% confidence level. Some differences are reported based on geographical area.

- Tier 1 cities: Beijing, Guangzhou, Shanghai, Shenzhen
- Tier 2 cities: Changsha, Chengdu, Chongqing, Dongguan, Hangzhou, Kunming, Nanjing, Ningbo, Qingdao, Shenyang, Suzhou, Tianjin, Wuhan, Xi'an, Zhengzhou
- East region refers to Jiangxi, Jiangsu, Anhui, Fujian and Shanghai provinces.
- South region refers to Guangdong province.
- West region refers to Guizhou, Sichuan and Gansu provinces.
- Centre refers to Henan province.
- North refers to Hebei, Shanxi, Jilin, Inner Mongolia, Liaoning and Beijing provinces.



## About Gemfields

Gemfields is a world-leading supplier of responsibly sourced coloured gemstones. Gemfields' work at the Kagem emerald mine in Zambia (believed to be the world's single largest producing emerald mine) and the Montepuez ruby mine in Mozambique (one of the most significant recently discovered ruby deposits in the world) has seen Africa become the world's largest exporter of emeralds and rubies. Gemfields' approach to transparency also means that the host nations in Africa today see dramatically greater value from their gemstone resources remaining in-country than ever before.

Gemfields is committed to furthering transparency, legitimacy and integrity in the coloured gemstone sector, coupled with a strong belief that coloured gemstones should create a positive impact for the country and community from which they originate. Gemfields has an established track record of improving healthcare, education and livelihoods for the communities around its mines and of supporting conservation efforts to protect Africa's wildlife and biodiversity.

*#ConservationGemstones*

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#AStoryInEveryGemstone

#一颗宝石, 一个故事#

