

Case 3: Strategic marketing within the world diamond market

The mining of diamonds plays a critical role in the economies of Southern Africa, Russia and, to a lesser degree, in Australia and Canada. Indeed, in Botswana which accounts for 29% of world diamond production (see Table 1), diamonds contribute to 33% of Botswana's Gross National Product (GNP); 65% of Botswana's state income and 75% of Botswana's exports (Cebrián, 2003). In these circumstances, it is important that the diamond market is carefully controlled and confidence in diamond quality is maintained to ensure steady growth in demand. Over the years a major centre for dealing in diamonds has evolved in Antwerp, Belgium. World supplies pass through Antwerp's four diamond exchanges before making their way to commerce for investment and jewellery production in centres such as Amsterdam in the Netherlands.

Table 1: World diamond production (by value in percentage terms)

Country	Value %
Botswana	29
Russia	21
Angola	11
South Africa	11
Congo (Democratic Republic)	5
Canada	7
Namibia	6
Australia	4
Others	6
Total	100

Source: Cebrián (2003) and Debswana (2003)*

*Debswana (2003) is a subsidiary of Botswana Diamond Valuing Company (BDVC) owned 50:50 by the State of Botswana and De Beers.

It is the organisation through which diamonds enter the commercial market that is of interest to the marketer. There has long been a diamond dealing community based

around the railway station area of Antwerp, an important shipping port. In order to formalise the role of this community, the Diamond High Council (HRD) was founded in Antwerp in 1973 as a non-profit organisation to promote the diamond business. The HRD brought together the four Belgian diamond bourses (exchanges), the Federation of Belgian diamond bourses, trade organisations and trade unions to act on their behalf. Private diamond companies are represented through their own diamond bourse or trade organisation as they are not directly affiliated to the HRD.

The objectives of the HRD are to:

- promote the world diamond industry;
- develop and protect the Belgian diamond trade and industry;
- promote the Antwerp diamond centre;
- encourage scientific research related to diamonds;
- support recruitment and training within the diamond industry.

The HRD provides services for, and co-ordinates activities on behalf of, the diamond community employing about 170 people to undertake this important social, economic and political role. It is managed by means of a General Assembly, Board of Directors, Executive Committee and General Management Board with the following support departments:

- Diamond Office
- Public Relations (PR)
- Institute of Gemmology
- Certificates Department
- Scientific and Technical Research Centre and Comdiam (WTOCD)

Diamond Office

The Diamond Office was established in 1945 as an independent organisation by the professional groups Antwerpse Diamantbewerkerbond (ADB), Christelijke Belgische Diamantnijverheid (SBD), the Diamantclub and the Beurs voor Diamanthatel. Its aims are ‘to co-operate on all importation and exportation of rough and polished diamonds and to support the revival of the Belgian diamond industry in general’ (Diamond High Council, 2001).

Initially, the Diamond Office had the role of examining all diamond-related goods imported to, and exported from, Antwerp and to check that the quantity and quality of the goods matched with the supporting documents. Payments for diamond transactions abroad were monitored and findings were passed to the Belgian-Luxembourg Exchange Institute (BLIW). The transactions were also logged on individual accounts.

Over the years, control of diamond transactions has been simplified. Currently, diamond dealers or manufacturers must be recognised as such and be registered at the Central Office for Contingents and Licences (CDCV) and the Diamond Office. Since 1977, financial transactions for importing and exporting diamonds have been conducted in the ‘free’ market, although a licence is required to make such transactions. The Diamond Office has global licences for most countries. A registered Belgian Diamond firm can apply for a sub-licence by submitting an invoice, drawn up by the foreign seller or in the name of the buyer. The Diamond Office takes care of the formalities of importing and exporting diamonds through its diamonds transactions Customs Office and Post Office. The Diamond Office has expanded from being a controlling organisation to service the whole diamond industry.

It has a marketing research service which:

- observes competing diamond centres;
- studies world provision of rough diamonds;
- provides diamond industry statistics;
- monitors new developments in the diamond market;
- compiles the Antwerp Diamond Index, import and export statistics and analyses the Antwerp diamond market.
- contributes to special projects, e.g. the dossier presented to the government by the Central Council for the Industry (CRB) requesting special support for the diamond industry.

Public Relations

The PR department promotes the diamond trade and industry generally as well as Antwerp, the world's largest diamond centre using advertising campaigns such as that based on the strapline 'Antwerp a diamond's best friend'. Press releases, conference briefings and publishes industry market data, including the HRD quarterly information bulletin (Antwerp Facets). The PR department also organises diamond and diamond jewellery exhibitions as well as jewellery competitions such as the Diamond High Council awards.

HRD-Institute of Gemmology

The Institute of Gemmology was set up in 1980 in collaboration with Antwerp University (RUCA) to provide professional gemmology training in Antwerp. The Institute organises and co-ordinates training related to the identification, analysis and

evaluation of diamonds and other precious stones. It undertakes research for the diamond industry.

Certificates Department

An HRD diamond certification service was started in 1976 based on the International Diamond Council (IDC) rules for grading polished diamonds. The World Federation of Diamond Bourses (WFDB) and the International Diamond Manufacturers Association (IDMA) in 1978 adopted these rules. An HRD certificate confirms the authenticity of a diamond and provides a complete description of the quality characteristics of the stone, namely, the '4 C's' : Carat (i.e. weight), Colour, Clarity and Cut. The diamond value is determined by its quality as defined by the '4C's'.

Scientific and Technical Research Centre and Comdiam (WTOCD)

WTOCD was set up in 1977 to study the processing of diamonds techniques to improve production methods within the Belgian diamond industry. Comdiam is the company that commercialises WTOCD activities.

References

Cebrián, B. (2003) 'El brillo de los diamantes,' *El País* (Negocios), 3 August, p. 16.
Diamond High Council (2001) 'Antwerp: a diamond's best friend', *Diamond High Council*: Antwerp.

Websites

<http://www.diamonds.be> Diamond High Council, Public Relations Department, Hoveniersstraat 22, B-2018 Antwerp, 1, Belgium.

<http://www.hrdcan.com> HRD Canada Inc, Postal Box 366 – Station F, Toronto, Ontario, M4Y 2L8, Canada.

Abbreviations

ADB Antwerpse Diamantbewerkerbond

BLIW	Belgian-Luxembourg Exchange Institute
CDCV	Central Office for Contingents and Licences
CRB	Central Council for the Industry
GNP	Gross National Product
HRD	Diamond High Council
IDC	International Diamond Council
IDMA	International Diamond Manufacturers Association
PR	Public Relations
SBD	Christelijke Belgische Diammatnijverheid
RUCA	Institute of Gemmology (Antwerp University)
WFDB	World Federation of Diamond Bourses
WTOCD	Scientific and Technical Research Centre and Comdiam

Marketing challenge

You are Marketing Director of the Diamond High Council (HRD) based in Antwerp and have been asked to set out a strategic marketing plan for the steady growth of the world diamond market. Within this plan you should consider:

1. long-term strategic marketing goals for the world diamond market;
2. how these strategic marketing goals could be implemented;
3. role of market segmentation, targeting and positioning within the diamond industry;
4. ways in which marketing research could support the strategic marketing goals.

Marilyn A. Stone
/Diamonds3
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