

JCK 2020

JEWELRY INDUSTRY
COVID-19 BUSINESS
IMPACT REPORT



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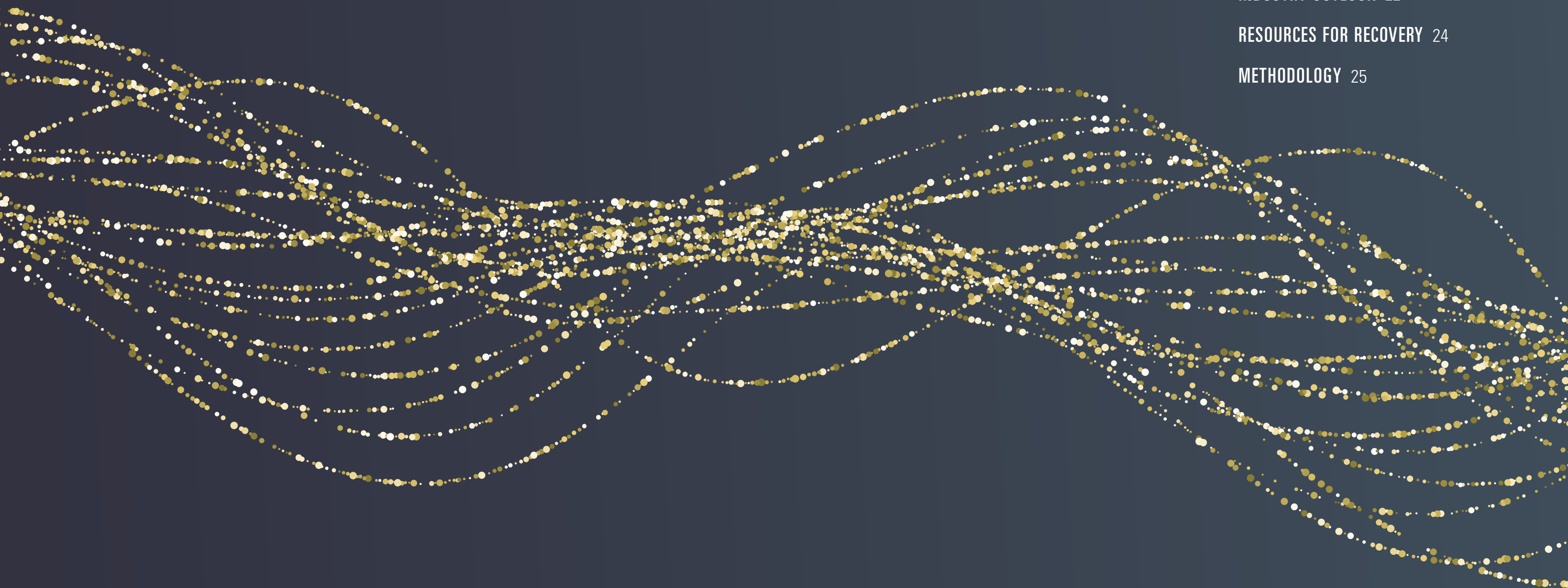




Image: JCK magazine; Photographer: Joel Strans; Stylists: Emily & Tony Mullin

INTRODUCTION

In a year of historic challenges, JCK sees an industry responding with characteristic resilience

Welcome to the **2020 JCK Jewelry Industry COVID-19 Business Impact Report**. Having celebrated the 150th anniversary of *JCK* magazine in 2019, we fully expected to use this forum to mark the start our *next* 150 years at a time of prosperity and confidence befitting an economy hitting on all cylinders. At the beginning of 2020, for the third straight year, we commissioned the national research firm MRI-Simmons to take the pulse of the jewelry industry. The results told us that much of the jewelry industry was looking to the near future with confidence.

And then the world changed.

The coronavirus didn't just hit the jewelry business, of course. In addition to its catastrophic impact on health, the virus drove the S&P 500 stock market to its worst first quarter on record,¹ forced businesses across many industries to shut their doors either temporarily or permanently, and left millions of workers unemployed. Because of its deep traditions of personalized service, close relationships, and emotional connections, the jewelry industry has had to pivot and rethink in almost every way.

With the results of our survey suddenly feeling old, we asked MRI-Simmons to revisit. Our new survey, completed in June, asked jewelry trade professionals to reflect on the extraordinary challenges they've faced since March, how they're adjusting, and how they feel about the future.

The results captured in this report reflect an industry deeply challenged but characteristically resilient.

The results captured in this report reflect an industry deeply challenged but characteristically resilient. Instead of simply comparing this year's results to last year's, as we've done in the past, we'll be looking at the world through the prism of pre-COVID and post-COVID. Where appropriate, we'll tell you about how the industry today compares with 2018 and 2019, but the balance will be on the changes wrought by the

coronavirus since February and on finding a way forward.

The results tell a story of concern and uneasiness—but most of all of resilience and courage. “We are going to get through this,” one industry-professional respondent told us. “Personal ornamentation has been around for the entirety of human existence. No matter how bad things are, humans are going to celebrate events with jewelry.”

We couldn't have said it better.

EXECUTIVE SUMMARY

Business as UNusual

The coronavirus challenged the jewelry industry and its customers on two key fronts—health and economics.

With jewelry perhaps the definitive discretionary purchase, the industry received a deep shock as the U.S. unemployment rate shifted almost overnight from the best in decades to levels drawing comparison with those of the Great Depression. As the virus spread across the world, global demand for gold jewelry plunged by 39% in the first quarter of 2020.²

Meanwhile, social distancing rules aimed at stemming the spread of the disease forced retail outlets to change accustomed ways of doing business suddenly and radically. A full 93% of respondents to our survey said they had taken steps to mitigate the impact of the coronavirus on business.

54%

RETAILERS FORCED TO
CLOSE TEMPORARILY BECAUSE
OF THE CORONAVIRUS

Among retailers we surveyed, more than half (54%) had to close retail locations temporarily, and just 3% were able to maintain their regular business hours. As states and businesses began to reopen, retailers navigated the delicate balance of keeping customers safe without destroying the face-to-face experience that makes in-person shopping an essential part of the business. Major retailers such as Macy's, for example, installed Plexiglas at its registers and required all customers to use hand sanitizer before touching items or trying them on.³

Manufacturers, though not reliant on individual consumers, also felt the effects of trying to keep workers safe, with more than a quarter (27%) having to close temporarily.

Inevitably, too, the virus is speeding up the migration from brick-and-mortar to online. Nearly three-quarters (74%) of all respondents anticipate a rise in online and remote business.

Amid the challenges, the vast majority (79%) said timely payments from the Paycheck Protection Program and other federal stimulus programs helped them continue operating.

Confidence: Down but Not Out

Jewelry industry professionals in our survey reflected the concern that has beset a wider economy disrupted by the coronavirus. In our survey taken after the pandemic hit, just fewer than half (49%) said they were generally

optimistic about consumer confidence and economic growth, compared with nearly 60% in our February survey. Those describing themselves as pessimistic jumped from one-third in February to 41% in June.

Even more starkly, though unsurprisingly, those respondents who described the current economy as worse than a year ago spiked from 22% to 78%, and nearly half (48%) described the economy as much worse. That sentiment fed directly into the industry's outlook for the next year. Our **JCK Jewelry Industry Confidence Index (JICI)** saw respondents describing themselves as optimistic dropping from 86% to 66%. The biggest decline was among those who said they were very optimistic—just 19% feel that way in a coronavirus world, compared with 36% in February.

The virus and its forced business closures and curtailment of personal interaction also augmented concern about the future of the brick-and-mortar business model, from 70% in February to 80% in June. Just 16% said they were unconcerned.

Yet despite those deep and understandable concerns, our survey also tapped a rich vein of resilience and strength born of professionals long accustomed to ups and downs and enduring times of uncertainty. More than two-thirds (67%) have been in the industry 20 years or longer. That's a stretch that has taken them through the dot-com bubble of 2000, the

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CONFIDENCE INDEX
66

national tragedy of 9/11, war and peace, and the Great Recession. They are not about to be counted down and out by the coronavirus.

The majority (58%) told us that growing back to their previous strength will take time—eight months or more, with 11% predicting they won't fully recover for two years or longer. But recover they will. As one independent retailer told us succinctly: "The strong will survive—they always do!"

A TALE OF TWO 2020s

THE JCK JEWELRY INDUSTRY
CONFIDENCE INDEX (JICI)

86%

FEBRUARY



66%

JUNE

"THE ECONOMY IS WORSE
THIS YEAR THAN LAST"

22%

FEBRUARY



78%

JUNE

CONCERNED ABOUT THE
FUTURE OF BRICK-AND-
MORTAR STORES

70%

FEBRUARY



80%

JUNE

Challenges: Intensified and Redefined

As the rising concern about the future of brick-and-mortar demonstrates, the pandemic has only intensified what was already the top challenge for the jewelry industry—online competition.

With malls closed and the retail experience temporarily curtailed, 40% of respondents in our June survey said they'll shift their focus to online buying—double the 20% who said so in February. Yet the big question is whether and how quickly an industry built around longstanding traditions will actually make the shift.

Despite that stated intention to go online, businesses with non-sales websites still outnumber those with sales or e-commerce sites (40% versus 37%), and 14% of businesses have no website at all.

The reluctance to fully embrace the digital future may have less to do with fear of change than with a concern about compromising personal service in a business built around longstanding relationships. As one respondent told us, "Giving [the customer] a feeling they understand what they are buying and why it is of value is something that online can't duplicate."

Yet as the pandemic continues to challenge those personal encounters, the industry appears ready to do what it takes to re-create those connections remotely. In our June survey, more than half (53%) said retailers will depend more on digital tools such as online chats, video appointments, and augmented reality apps.

A shifting business focus creates other challenges for the industry, such as efficiently maintaining and deploying a skilled, loyal workforce. Among our respondents—76% of whom are owners/partners or corporate



executives—more than one-quarter said the coronavirus compelled them to furlough staff, and 19% laid people off. Yet many employers are holding tough—56% said they anticipate no staffing changes in the coming year.



**Businesses with
non-sales websites: 40%**



**Businesses with
e-commerce sites: 37%**



**No website
at all: 14%**

Strategies for the Road Ahead

What a difference four months makes. In February, just over one-third of our respondents (34%) highlighted improving the in-store buying experience among their top three strategies for meeting business challenges.

By June, that number had dropped to 20%. Compare that with 2018, when 62% put the in-store experience in the top three, and in-store experience starts to look like a free fall.

Of course, June's figures were taken during a historic crisis, when few people were even allowed in stores. On a day that can't come too soon, the coronavirus will fade into memory, people will lose their fear of personal contact, and traditional shoppers will be free to resume their old buying habits.

But will that mean going back to "normal"? Other results in the strategies category back up the idea that major changes are afoot. At 48%, connecting with clients via social media was the winner in the top-three sweepstakes. That's up from 41% in February and 46% last year. But what's really notable is the second-place finisher, at 40%—clienteling. Don't kick yourself if you haven't heard the term—it wasn't even on our survey in February.

In the pages that follow, you'll read about that rising trend, along with ways the industry is making use of the hottest apps, such as TikTok, as a way to maintain business at a most challenging time and look confidently to the future.

TRENDS & CHALLENGES

Business Approaches That Work in the New Environment

With the business challenges clear, we asked jewelry professionals about the best business strategies to address them. Their answers seem to indicate not so much a revolution in practices, but a speeding up of changes that were already underway.

When we asked respondents in 2018 to identify their top strategies, the top choice by far was to improve in-store experiences. By 2019, though no one was (or could have been) predicting the dramatic shift that would affect the business landscape, the jewelry industry's advantage was already transforming. That survey named connecting with clients on social media as the top business strategy, with 46% naming it in the top three. Amid a still-unfolding COVID environment, jewelry businesses are continuing to find ways to survive and even thrive.

Social media gains power

Given the isolating nature of the pandemic, and the difficulty of connecting with clients in stores, June 2020's respondents again selected connecting with clients via social media as their top business strategy, with 48% naming it as one of the top three strategies they turned to, a major increase from February's pre-COVID survey, when only 41% ranked it as a top-three strategy.

A wide array of options exists for jewelers interested in forging into the social media world, including TikTok, a video app that allows brands to create whimsical, immediate visual messages. It's a widely used and effective tool, says *JCK* senior editor Emili Vesilind: "If you've been actively trying to ignore TikTok as a marketing tool for your business, reasoning that it's only for teens, consider that illusion shattered (so sorry!)."⁴ Of course, TikTok is only one of many social media options available to showcase jewelry. Instagram's highly visual focus has long attracted many jewelry professionals, and YouTube and Twitter can be great tools as well, offering immediacy and conversational give-and-take with a brand's audience. This time of change is a great opportunity to connect via social media with your buyers and your future buyers, positioning your brand and jewelry itself as part of a larger conversation.

Online buying moves to the front of the line

One major strategy—for many businesses, the only available option for much of the early stages of the pandemic—is now tied for number two among those surveyed: shifting focus to online buying, with 40% putting this in their top three. While earlier this year only 20% of those surveyed put this in their top three strategies (much like 2019,

when only 24% did), a changed world means changed strategies, and jewelry professionals are adapting quickly. New online platforms dedicated to fine jewelry, such as the **Essential Jewelry Collective**⁵ and **Auverture**⁶, illustrate some of the possibilities for selling fine jewelry online, as they work to support stores, brands, and designers as alternatives continue to be uncertain.

Connecting with clients is more important than ever

Rounding out the top three strategies, and tied with—and an essential partner of—online buying, is "clienteling." For those unfamiliar with the term, clienteling means actively engaging and communicating with top customers to strengthen the relationship, introduce them to pieces or lines you think they will appreciate, or just to check in. The practice has long been part of successful jewelry selling and has gained new ground in this challenging era.

While clienteling didn't even rate a mention in previous surveys on business strategies, the June 2020 survey found that 40% of respondents identified it as one of their top three business strategies. This would come as no surprise to Facets of Earth's Morgan Mikula, who noted in her JCKonline.com interview, "I'm finding it so important to engage with customers on social media and via email. I check in with them to see how they're doing and if they need anything."⁷

Rounding out the top five strategies were changing inventory buying habits and advertising in nontraditional forms, with improving in-store buying experiences, previously a crucial focus, dropping to sixth in the rankings.

Of course, jewelry professionals will still take advantage of any and all tools at their disposal as they move into the recovery and a changed retail landscape. It's likely that many social distancing guidelines and the continuing rise of online modes of communications will continue to shape how business enact these strategies.

WORK IT!

TOP STRATEGIES FOR BUSINESS CHALLENGES:

48% CONNECTING WITH CLIENTS VIA SOCIAL MEDIA

39% CHANGE INVENTORY BUYING HABITS

40% CLIENTELING

34% ADVERTISING IN NONTRADITIONAL FORMS

40% SHIFTING FOCUS TO ONLINE BUYING

WHAT'S NEXT

Anticipated Sales

When jewelry professionals look ahead to anticipated sales, typically they look at styles that are appearing on runways and red carpets, as well as the larger energy, feeling, and style of the world. In 2020, prognosticating, like so much else, has changed. Red carpets and runways are few and far between, and it's not clear when they'll come back. But jewelry professionals still know their clients and their business. With their deep historical knowledge and their understanding of what's selling (even in a pandemic), they gave us their views on anticipated sales.

The future is young

Amid a transformed and still fluid environment, anticipated future sales, particularly when much of the March through July sales were wiped out, take on added resonance. Facing a customer base that has been shaken by world events, where are jewelers looking for anticipated sales? By a narrow margin, respondents named lab-grown diamonds as the area they most expect to see future sales, with 34% anticipating an increase in the coming year. "Lab-grown diamonds are brilliant," one respondent noted. "I wear one!" Their relative affordability and the perception that they are more responsibly sourced may be part of why respondents are anticipating they will appeal. (See, "Square Cut or Pear-Shaped," page 20.)

In keeping with this prediction, the next two areas for anticipated sales were responsibly sourced jewelry and fashion/bridge jewelry, with 32.4% for responsibly sourced and 32.3% saying fashion/bridge, essentially tied. One retailer views these areas as a generational issue: "I see a trend in younger customers toward conflict-free gems, lab-grown diamonds, and more color stones, at least in my region (the Northeast)," the respondent noted. This response includes colored gems, which were highly anticipated in the pre-COVID survey, with 67% naming them as their top expected sales area.

In the more recent survey colored gems lost ground, with only 28.5% anticipating an increase.

Value and resonance

As we consider where sales are likely to come from, jewelers who recognize the challenges that people face have the potential to do well. The economic fallout from the coronavirus pandemic will be far-reaching, but troubles can inspire people to look for meaning and connection, often celebrated through jewelry. Lab-grown and fashion/bridge can offer buyers relative "deals" while still allowing them to give meaningful, celebratory gifts.



ANTICIPATION!

QUESTION: BASED ON CURRENT TRENDS, WHAT CHANGES IN SALES DO YOU ANTICIPATE IN THE COMING YEAR?

34%	LAB-GROWN DIAMONDS	29%	COLORED GEMS
32%	RESPONSIBLY SOURCED JEWELRY	22%	DESIGNER JEWELRY
32%	FASHION / BRIDGE	21%	NATURAL DIAMONDS

AN ELECTRONIC REFUGE

E-commerce didn't get hit hard by the pandemic, despite concerns for the economy.

QUESTION: WHAT PERCENTAGE OF YOUR BUSINESS COMES FROM E-COMMERCE SALES?

% E-COMMERCE BUSINESS	PRE-COVID		COVID	
Less than 25%	72%	▶	71%	} Very minor changes despite the pandemic
25 – 49%	11%	▶	13%	
50 – 75%	6%	▶	5%	
More than 75%	11%	▶	11%	

Celebration will come

Something else to anticipate in upcoming sales: a sense of freedom, once we've made it through this crisis. As JCKOnline.com's *All That Glitters* blogger Amy Elliott notes, jewelry styles expected to emerge this fall include "a general trend toward maximalism and exuberance because we haven't had occasions to dress up or wear jewelry for so long. Like literally dressing like Liz Taylor in *Cleopatra* to go do your grocery shopping."⁸ Here's to a more glittery future.

The future of brick-and-mortar

Survey respondents have expressed concerns in the past about the future of brick-and-mortar stores—74% in 2018 and 75% in 2019. When jewelry professionals were surveyed in early 2020, the percentage expressing concern dipped to 70%, but once the full impact of the coronavirus began to become clear in June, our newer survey showed that the percentage expressing concern jumped to 80%. This comes from a multitude of challenges.

Online discount sellers, as always, have proved a challenge. While brick-and-mortar stores still have a lot to offer, with one respondent pointing out that, "Clients still want to hold the item, try it on, and then buy on-site." Others said, "They come here and look and then go buy online." This may offer more justification for stores to offer their own online selling options.

Of those who don't yet have e-commerce sites, 56% expressed the intention to open one within the next year. According to Victoria Gomelsky, editor-in-chief of *JCK* magazine and JCKonline.com, "The best thing retailers can do right now is make sure they're set up for e-commerce,"⁹ adding that jewelers who have traditionally considered their websites to be marketing platforms or nice-to-have complements to their brick-and-mortar stores are now realizing that online sales are critical to staying in business. Some respondents have changed their approach as a result of the pandemic, with 13% noting that they have launched an e-commerce site since the pandemic started.

Another challenge to brick-and-mortar businesses is the 75% of respondents who are considering shifting to a direct-to-consumer model. Direct-to-consumer can yield major benefits for designers, who by bringing their goods to the end user at wholesale prices can avoid the stress of attempting to get space in stores, according to JCKonline.com.¹⁰ And this method doesn't have to be confined to online sales—though it's clear that online search habits are helping to drive the trend. Consignment sales were also cited as a reason to avoid the interim step of retail establishments. But in some cases, retail stores, designers, and manufacturers can work together to minimize the problems and

maximize store benefits, such as sharing a brand's story and obtaining direct feedback from clients, which is tougher to do online, where conversations are limited to emails.

Of [stores] who don't yet have e-commerce sites, 56% expressed the intention to open one within the next year.

CURRENT SALES

Trouble Spots: Where Sales Are Struggling

While there is plenty of room for optimism in the jewelry industry, some areas are showing a marked decrease in sales. The areas that are struggling range from trends that were doing well but have stumbled to those that were already having a tough time, which is now even tougher. Jewelry that was doing well but has experienced a noticeably sharp decline in sales may not be meeting the moment, which has shifted so dramatically.

Designer falls

The biggest loser in the short term has been designer jewelry, with 51% of respondents in the June 2020 survey saying sales have been down—the largest drop among the areas surveyed—versus only 19% seeing them down in the February 2020 survey. The challenge to designer sales may be a significant marker of the current mood, as customers seem drawn more to pieces that offer both meaning and value. “People want value for their money,” one survey response pointed out. “So designer items are at a disadvantage.”

Vanishing increases

The difficulties that designer jewelry is facing may also be affecting sales of branded items. In early 2020, a full 43% of respondents saw increases in sales versus 2019, but in the follow-up survey, that dropped to only 13% of respondents.

Some areas that were already struggling continued their slide, among these pearls, watches, and charms. This came as no great surprise. Watches have been a source of concern over time for jewelers, with or without the added challenge of a pandemic. As one retailer noted, “Most younger generations are not interested in wearing watches.” Both the 2018 and 2019 market surveys highlighted watch sales as a problem area. As one respondent put it, “Watches have been a jeweler’s dilemma for a long time. Now with them being sold online by manufacturers at discounts, I am about done with them.” Only 10% of those surveyed said watch sales increased in the June survey, versus 25% in the February survey, a precipitous decline.

For pearls, only 29% of respondents saw an increase in February, and that dipped to 12% in June. Charms were barely higher, with 22% of those surveyed saying sales were up in February and just 13% seeing sales up in June.

Watches have been a source of concern over time for jewelers, with or without the added challenge of a pandemic.

LOSING GROUND

QUESTION: HAVE OVERALL SALES INCREASED FROM 2019 TO 2020?

DESIGNER JEWELRY



BRANDED JEWELRY



PEARLS



CHARMS



WATCHES



Signs of Promise: Where Sales, Even in the Pandemic, Are Up

Even in the worst of times, people value jewelry. And that goes a long way in explaining why in the midst of a pandemic, the jewelry industry continues to see some bright spots.

Custom-made still resonates

In the June 2020 survey, 38% of survey respondents said their custom jewelry sales were up from 2019, taking the top spot in a challenging environment. Custom had been at the top in the February 2020 survey as well, with a full 70% of jewelers seeing sales increase. That it's managed to hold on gives these results even more weight. The focus on custom could indicate that customers are looking for personal, meaningful pieces.

Bridal holds on

People are still getting married—even if it's over Zoom. So it's no surprise that bridal jewelry, a perennial seller, continues to perform, with 23% of respondents to the June survey seeing increases, though that's a drop-off from February's 52%. As one respondent put it, "Customers buy diamond engagement rings and diamond wedding bands." As with custom pieces, this adds to the sense that jewelry may benefit from focusing on meaning and emotion.



Looking over the rainbow

While they didn't retain their number-two place from the February survey, colored stones are still performing for jewelers, with 23% of respondents seeing increasing sales. One respondent noted that, even in June 2020, "Custom-designed pieces with colored diamonds or gemstones are very hot now."

The warm, connected creativity that colored stones offer may be part of their appeal. In a JCKonline.com interview, designer Kimberly McDonald said, "What I love more than anything about this time in fashion—and I will include fine jewelry in the category of fashion only for this purpose—is that more than ever, we're empowered to wear what we love and what works for us and our lifestyle. I think this is a contributing factor to why so many colorful gemstones are getting more play in the marketplace. It's no longer about what everyone else is wearing. It's really about what you connect with and what you love and appreciate."¹¹

Meeting the economic moment with fashion/bridge

In the February survey, fashion/bridge ranked only sixth in overall trends, with 42% of respondents indicating they saw increases in sales. But with budgets tighter, fashion/bridge has moved up to fourth in the June survey, with 21% seeing sales increases. This could continue to be a growth area for the industry, as consumers look to buy gifts and treat themselves and each other but have less disposable income available. This may be why, in part, designer jewelry, ahead of fashion/bridge in the February survey, lagged behind it in June's.

Diamonds really are forever

People are still buying diamonds, which round out the top five growth areas, with 20.3% of June respondents seeing an increase in sales from 2019. This may be driven, in part, by what JCKonline.com called diamond trend shifts, including a push from some Russian diamond miners for fluorescents¹² and the move by some makers toward more affordable "easy-wear" diamonds.¹³

Of ongoing interest to many is how lab-grown diamonds will fit into this trend, how consumers will view them in this changed environment, and what all of that will mean for the future of diamonds in the industry. Either way, because at least one in five people surveyed in June 2020 saw an actual increase in sales from 2019, that likely means that—to no one's surprise—diamonds are here to stay.

WHERE SALES ARE HOLDING ON

QUESTION: HOW HAVE JEWELRY SALES CHANGED FROM 2019 TO 2020?

Percentage Up from 2019

JEWELRY TYPES	Percentage Up from 2019	
	PRE-COVID	COVID
Custom Pieces	70%	38%
Colored Stones	60%	23%
Bridal	52%	23%
Diamonds	51%	20%
Fashion/Bridge Jewelry	42%	21%

Square cut or pear shaped, or lab-grown?

In February 2020, when the coronavirus seemed like an isolated problem rather than a worldwide pandemic, MRI-Simmons sent the JCK survey to jewelry industry insiders, looking to get a read on trends for 2020. And while the results of that survey emerged in a different world, some of the trends it identified may yet prove important. One of the biggest surprises was lab-grown diamonds. In the earlier survey, lab-grown diamonds moved up into the top three trend spots, just behind alternative engagement rings and layering.

TRENDS FROM FEBRUARY

POPULAR TRENDS	NET TOP 3	RANKED #1
Alternative Engagement Rings	57%	22%
Layering	56%	28%
Lab-Grown Diamonds	43%	18%

This move went alongside some 30% of respondents noting that they sold lab-grown diamonds, up from 22% in 2019 and 19% in 2018. And 81% of those surveyed said that consumer interest had increased.

This doesn't put lab-grown diamonds anywhere near traditional diamonds, which were sold by 84% of respondents, but it does continue to show them as an area of interest. When JCKonline.com's Gomelsky spoke to Sean Dunn, co-owner and vice president of J.R. Dunn Jewelers, who is adding lab-grown diamonds to his offerings, he said, "What's it going to cost us if we market lab-growns? It's not going to cost us anything," he said. "Our idea is we want to grow our next generation of customers."¹⁴



Focus on responsibly sourced jewelry

When we asked jewelry industry insiders in February about anticipated changes in sales, responsibly sourced jewelry came in third place, after colored gemstones and fashion/bridge jewelry. Well, colored gemstones and fashion/bridge are among the strongest areas in jewelry three months into the pandemic, so it makes sense to look at whether responsibly sourced jewelry will make its way there as well.

The current challenges we face highlight just how connected we are to each other, and how much responsible action can make a difference. As Hayley Henning, chief commercial officer of Greenland Ruby said to JCK's Vesilind, "People will always buy jewelry for themselves as gifts and gestures of love. Fine jewelry is forever! I also believe that Greenland Ruby's responsible sourcing message will continue to drive sales, as we all realize how connected we are to each other and how valuable our resources are."¹⁵

THE BOTTOM LINE ON RESPONSIBLY SOURCED

WHEN ASKED ABOUT RESPONSIBLY SOURCED JEWELRY AND HOW 2019 WENT, RESPONDENTS IN FEBRUARY 2020 SAID:

74% ARE SELLING IT

51% SAY SALES ARE UP

47% REPORT THAT CONSUMER INTEREST HAS RISEN

EVEN THOUGH ONLY **1%** SAID IT WAS THEIR TOP-SELLING ITEM

INDUSTRY OUTLOOK

Any reflection on the jewelry industry's outlook must start with acknowledging the body blow the pandemic has brought—dropping the **JCK Jewelry Industry Confidence Index** from 86 in February (on par with 2019) to just 66 in June.

The sharpest decline came among those describing themselves as very optimistic about their business over the next year—from 36% in our pre-coronavirus survey to just 19%. Those who say they're not optimistic more than doubled, from 15% to 34%.

Those figures are echoed in the industry's revenue projections. Nearly three-quarters of our respondents expect their revenue to decline in the next year, compared with pre-COVID levels. And in many cases the bite will be sharp—16% of respondents predicted their revenue would fall by 50% or more. That's more than twice as many who said revenue would decline by 10% or less.

Nor do many respondents anticipate a swift rebound. The majority (58%) expect it will take more than eight months until business recovers to pre-COVID levels (a stretch that would include the all-important holiday season), with 11% predicting a recovery lasting two or more years.

Individual categories also reflect diminished expectations. In February, colored gemstones looked like the hottest growth area, with 67% of industry professionals expecting rising sales. By June, only 29% predicted growth in that area. Likewise, both fashion/bridge jewelry

and responsibly sourced jewelry expectations dropped from 51% to 32% predicting growth. Percentage-wise, the biggest February-to-June losers were areas such as natural diamonds (48% to 21%), designer jewelry (47% to 22%), branded jewelry (45% to 18%), and watches (30% to 11%).

Yet behind those understandably depressed numbers are plenty of silver linings. Consider, for example, the latest **JCK Jewelry Industry Confidence Index** of 66. That means, despite

one of the most profound disruptions on record, two-thirds of jewelry industry professionals still feel optimistic about the year ahead. That's despite the fact that fewer than half (46%) believe the overall U.S. economy will be doing better a year from now.

Maybe that underlying confidence has something to do with the sense of mission and emotional resonance that professionals feel for their business

and their customers. As one respondent told us, "We work in an industry that allows us to share the most precious moments in our clients' lives. It is a true honor and privilege to be a small part of their joy and memories."

And then there's the confidence that comes with history and experience. "Our business survived the Spanish flu epidemic in 1918," another respondent told us. "We'll survive this too." Perhaps the most revealing statistic of all: Just 2% in our survey said their business would never recover to pre-COVID levels. In other words, 98% believe in a better tomorrow.

"We work in an industry that allows us to share the most precious moments in our clients' lives."

Image: JCK magazine; Photographer: Jason Kim; Stylists: Daniel Edley





Resources for Recovery

Having partnered with and followed the jewelry industry for 150 years, we don’t hope the industry will bounce back from the extraordinary challenges of 2020—we *know it will*. One of the biggest difficulties is the unpredictable path of a virus for which there remains no complete cure or vaccination. Like a game of medical Whac-A-Mole, no sooner does COVID appear to wane in one area than it pops up with renewed vengeance in another. Yet it’s heartening to see the industry already adapting in real time and moving toward that strong future.

These resources may help:

Jewelers of America offers a “**Back to Business Toolkit**” offering comprehensive guidance on maintaining strong communications with employees and customers, the latest on maintaining proper social distance and a clean and sanitized environment, staying secure, and managing employees, among other considerations.

The Jewelers Vigilance Committee offers important **guidelines for avoiding legal liability** as you reopen.

And visit JCK’s **Coronavirus Resources** page for full roundup of issues and guidance to consider.

Methodology

Since its inception in 2018, our annual **JCK State of the Jewelry Industry Report** has offered a valuable, in-depth look of the state of the business and the current state of mind of its leaders.

In early March, just as we were digesting results of our 2020 online survey that closed February 22, news of the deadly coronavirus started filling the headlines. Within a matter of days, we knew that those optimistic February numbers would no longer accurately reflect the conditions and mood of an industry and a world turned upside down.

We sent our survey partners, MRI-Simmons, out to learn just how deep an impact the pandemic was having on business. Some questions were repeated, in order to provide a one-to-one comparison between February and June (as well as 2018 and 2019). Other questions were as unique as the situation itself—asking seasoned professionals to gauge how the event of 2020 may change the industry. We were humbled and gratified by the sincerity and thoughtfulness of the responses our questions generated—both in the numerical results and in the verbatim comments that we have quoted from in the above report. The results formed the basis of this special **2020 JCK Jewelry Industry COVID-19 Business Impact Survey**.

Endnotes

- 1 <https://www.cnn.com/2020/03/31/stock-market-today-live.html>
- 2 <https://www.forbes.com/sites/anthonydemarco/2020/05/01/coronavirus-causes-1st-quarter-gold-jewelry-demand-to-plunged-39/#3a40cab619f4>
- 3 <https://www.jckonline.com/editorial-article/make-jewelry-try-ons-safer-stores/>
- 4 <https://www.jckonline.com/editorial-article/time-to-stop-ignoring-tiktok/>
- 5 <https://www.jckonline.com/editorial-article/jewelry-designers-dtc-covid-19/>
- 6 <https://www.jckonline.com/editorial-article/bibi-van-der-velden-bracelet/>
- 7 <https://www.jckonline.com/editorial-article/how-shes-managing-morgan-mikula/>
- 8 <https://www.jckonline.com/editorial-article/webinar-post-covid-19-recovery/>
- 9 <https://www.jckonline.com/editorial-article/webinar-post-covid-19-recovery/>
- 10 <https://www.jckonline.com/magazine-article/why-designers-are-cutting-out-middlemen-in-favor-of-direct-to-consumer-sales/>
- 11 <https://www.jckonline.com/editorial-article/5-questions-kimberly-mcdonald/>
- 12 <https://www.jckonline.com/editorial-article/alrosa-fluorescent-diamonds/>
- 13 <https://www.jckonline.com/editorial-article/easy-wear-diamonds/>
- 14 <https://www.jckonline.com/editorial-article/sean-dunn-on-lab-grown-diamonds/>
- 15 <https://www.jckonline.com/editorial-article/how-shes-managing-hayley-henning/>

We see the **JCK State of the Jewelry Industry Report** as a work in progress, a running record of an ever-changing industry. Whether 2021 brings ongoing challenges or a welcome recovery, we’ll be watching and listening to what you have to say.

Sample and fielding

Recruitment for this study was accomplished via email invitations sent to roughly 50,000 people in 11 distinct email lists by JCK along with house ads and social promotion. The initial survey invitation emails deployed on January 9, 2020, with reminder emails sent on January 16, and a final blast on February 10. The follow-up COVID-19 Jewelry Survey emails were sent on May 18, 25, and 29. In total, 427 interviews were completed for final tabulation of the initial survey, and 976 interviews were completed for the COVID-19 survey. As an incentive to complete the survey, readers were offered the chance to win one (1) of five (5) Amazon gift cards via sweepstakes drawing. The study closed on June 5, 2020.

Means were computed using the actual values reported by respondents in open-ended questions and the midpoint of values in closed-ended questions. For the bottom range the midpoint was used (e.g., less than 10 = 4.5); for the top range the lower limit of the range was used (e.g., 50 or more = 50).



Questions?

Please contact your
JCK sales representative or visit
jcklasvegas2020.com/IndustrySurvey
for more information on this survey, and to
learn more about the marketing solutions
JCK offers the jewelry industry.