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THE WAY FORWARD IN 2025
NAVIGATING THE DIAMOND INDUSTY 2025

BASED ON A WEBINAR BY MARTIN RAPAPORT
“2025, THE WAY FORWARD”

By **Shayna Roth**

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The diamond industry is in crisis. Revenue has plunged by 50% in just two years, driven by a perfect storm of collapsing demand, falling prices, and shifting market forces. China, once a dominant force in the diamond trade, is facing economic turmoil that has stifled luxury spending. Meanwhile, the rapid rise of synthetic diamonds has disrupted traditional pricing models, eroding consumer confidence in natural stones. Even industry giants like De Beers are struggling to maintain profitability in this volatile environment.

Martin Rapaport, CEO of the Rapaport Group and a leading voice in the diamond trade, warns that the old ways of doing business are no longer sustainable. He argues that survival hinges on strategic adaptation and a shift toward selling fewer, higher-value diamonds to an exclusive luxury market rather than relying on mass sales at lower prices.

This eBook, based on Rapaport's webinar The Way Forward for the Diamond Industry in 2025, explores the forces reshaping the market and offers insights into how industry players can navigate these turbulent times.

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THE CURRENT STATE OF THE DIAMOND INDUSTRY: REVENUE AND PRICE DECLINES

The diamond industry has seen a dramatic drop in revenue, with a 50% decline over the past two years due to a mixture of reduced prices and decreased sales volume. The prices of diamonds have fallen by about 30%, while the volume of diamonds sold has also declined. With players forced to sell fewer diamonds at lower prices, the industry's overall revenue is suffering significantly.

This revenue decline affects the entire supply chain, from mining companies to manufacturers, dealers, and even retailers. While U.S. retailers have seen some resilience in their market, the broader global industry is facing an unsettling slowdown, with companies grappling to adjust to these new realities.

DE BEERS AND BOTSWANA: THE GLOBAL BAROMETER

In 2023, De Beers experienced a significant 37% drop in revenue, falling to $3.6 billion, marking a $2.1 billion decline from its peak (See Table 1: Rough Diamond Markets). The industry is feeling the impact, and De Beers now faces the question of how low its revenue can go and whether the costs of maintaining mining operations will remain sustainable.

Similarly, Botswana, a key player in the global diamond market, has seen its exports drop sharply from $5 billion to $1.87 billion, marking a 63% decrease from 2022 to 2024 (See Table 1: Rough Diamond Markets). The decline in revenue is evident across the board, with India's diamond imports falling by 35%, despite being a significant market for polished diamonds.

TABLE 1

Rough Diamond Markets

$ Million	De Beers Revenue	Change	Botswana Exports	Change	India	Change
2022	$5,794	20%	$5,036	35%	$17,723	5%
2023	$3,631	-37%	$3,664	-27%	$13,437	-24%
2024	$2,690	-26%	$1,870	-49%	$11,474	-15%
2022-2024	$(3,104)	-54%	$(3,166)	-63%	$(6,248)	-35%

** 2024 Data based on Rapaport estimates*

THE SHIFTING REALITIES OF THE GLOBAL DIAMOND MARKET

Key regions like China, India and the United States, are experiencing fluctuations in demand, shifting consumer behaviors, and evolving market dynamics.

China: The Market in Decline

China's struggling economy and intensified government control has stifled consumer spending, particularly on luxury goods. With conspicuous consumption heavily frowned upon, the country's diamond market, valued at $11 billion in 2019, has seen a sharp decline.

(See Table 2: China - Hong Kong Diamond Markets)

With Hong Kong also being affected by these shifting dynamics, it's clear that China's diamond market is unlikely to recover in the medium term. For businesses looking to the future, relying on China as a major market is not advisable.

TABLE 2

China-Hong Kong Diamond Markets

$ Million	China Polished Imports	Change	HK Polished Imports	Change	China + HK Polished Imports	Change
2021	$7,232	57%	$1,535	22%	$8,767	55%
2022	$5,915	-18%	$1,828	-55%	$7,743	-12%
2023	$3,839	-35%	$1,082	8%	$4,921	-36%
2021-2023	$(3,393)	-47%	$(453)	-30%	$(3,846)	-44%

** 2024 Data unavailable. Hong King has stopped publishing data.*

India: The New Global Diamond Powerhouse

As China's influence wanes, India has stepped up to become the second-largest market for diamonds. Its local market is estimated to be worth $2.5 to $3 billion, driven by rising wealth and a growing middle class. While India's domestic market has shown resilience, surging 103% in 2022 and growing 6% in 2023, it did contract 7% in 2024 to $3.46 billion, a signal of broader economic pressures. (See Table 3: Indian Diamond Market)

TABLE 3

Indian Diamond Markets

$ Million	India Rough Imports	Change	India Polished Exports	Change	India Domestic Market	Change
2022	$17,723	5%	$14,198	-6%	$3,525	103%
2023	$13,437	-24%	$9,708	-32%	$3,729	6%
2024	$11,474	-15%	$8,018	-17%	$3,456	-7%
2022-2024	$(6,248)	-35%	$(6,180)	-44%	$(68)	-2%

** 2024 Data based on Rapaport estimates*

At the same time, India's position as a leading global supplier of polished diamonds is under pressure. While the country remains a dominant force in diamond manufacturing, recent trends indicate a slowdown (See Table 3: Indian Diamond Market). Rough diamond imports have fallen 35% from 2022 to 2024 (down $6.2 billion), reflecting weaker global demand and cautious buying by diamantaires. Polished diamond exports have dropped 44% ($6.18 billion), driven by economic uncertainty in key markets like the U.S. and China, as well as growing competition from lab-grown diamonds.

United States: The Exception to the Rule

The U.S. diamond market stands as a notable exception to the global downturn. The strong performance of the stock market on the back of President Trump's election, has boosted consumer confidence, particularly among those with the financial means to invest in luxury items like diamonds. After a challenging year in 2023, U.S. diamond imports over half a carat increased by 8% in 2024 (See Table 4: Polished Diamond Markets), signaling a recovery. With the U.S. now poised to carry the market forward, its resilience could play a crucial role in shaping the industry's recovery in the coming years.

TABLE 4

Polished Diamond Markets

$ Million	India Polished Exports	Change	US Polished Imports	Change	US % Of India Polished Exports
2022	$14,198	-6%	$8,157	22%	57%
2023	$9,708	-32%	$3,696	-55%	38%
2024	$8,018	-17%	$4,002	8%	50%
2022-2024	$(6,180)	-44%	$(4,155)	-51%	

** US Polished Imports for over 0.50 carat sizes*

Key Takeaways:

- A combination of reduced prices and lower sales volume has resulted in a 50% decline in revenue, reflecting the industry's overall struggle.
- The industry's revenue downturn is impacting all players—mining companies, rough dealers, manufacturers, and retailers alike.
- Consumer confidence in diamonds as a store of value is weakening, with concerns growing over price stability.
- The drop in demand and prices signals the need for industry-wide adjustments to avoid further erosion and long-term profitability.

MARKET DYNAMICS: THE FORCES RESHAPING THE INDUSTRY

The diamond market operates on a simple equation: price equals demand divided by supply. When supply increases, prices drop; when demand weakens, prices drop even further. Today, the industry faces a double bind—oversupply and weakening demand are feeding into each other, driving prices down. The current market struggles can be attributed to two main factors: a drop in sales volume and a decrease in per-unit prices. Both elements contribute to the overall revenue decline. A decrease in prices followed by a dip in quantity sold creates a significant impact

> ***"Let's say you have $100 and your prices go down by 30%, that's now $70. Then the quantity that you sell at the lower price also goes down and revenues decrease even further. We're about 50% down," explains Martin Rapaport. This illustrates how interconnected the supply-demand dynamic is with price fluctuations in the market.***

THE DECLINE IN DEMAND: CHINA AND SYNTHETICS

Two primary forces have played a pivotal role in the decline of worldwide diamond sales:

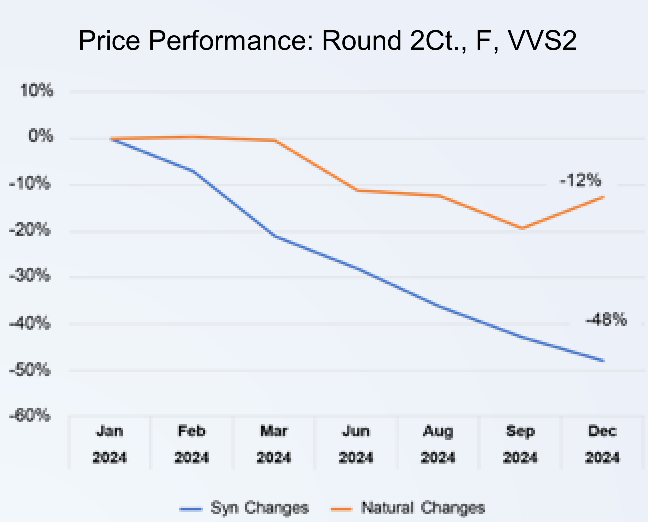
1-China's Market Collapse

Once a major driver of global diamond demand, China's market has collapsed in a fundamental, long-term shift. The Chinese government's discouragement of conspicuous consumption and weakened economic conditions have drastically reduced consumer spending. The loss of this vital market has had a profound effect on the overall demand for natural diamonds. Companies that were once reliant on Chinese buyers are scrambling to find new markets, but the void left by China remains largely unfilled.

2-The Rise of Synthetics

Synthetic diamonds have fundamentally altered the diamond landscape, especially in the mid-tier and lower-end market segments. Lab-grown diamonds, once marketed as a cheaper alternative to natural diamonds, have seen their prices plummet—dropping by 50% in 2024 alone (Graph 1: Price Performance - Round 2Ct, F, VVS2).

GRAPH 1



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> ***"A diamond is supposed to be forever. But synthetic diamonds? They're a falling knife. You buy today, and next year it's worth half. Two years later, it's worth even less," Rapaport says, emphasizing the devaluation of synthetic stones.***

The real issue, however, is not just the cheaper cost of synthetics, but their broader market impact:

- **Price Confusion:** Consumers, seeing synthetic diamonds at a fraction of the cost of natural diamonds, start to believe that all diamonds should be priced lower. This weakens confidence in the price of natural diamonds, particularly among those who may not fully understand the differences.

- **Market Dilution:** As synthetics flood the market, the perception of diamonds as a rare luxury good is eroded. Consumers begin to question why one diamond costs $10,000 while another, seemingly identical, is priced at $1,500.

- **Discount Pressure:** Jewelers selling both natural and synthetic diamonds feel compelled to discount natural stones, which undermines the luxury positioning of natural diamonds and creates a race to the bottom.

The oversupply problem is not just about volume; it's also about quality. The market has been flooded with near-gem diamonds—stones that do not meet the standard for fine jewelry but are still marketed as "natural" diamonds. This confuses the marketplace, diluting the value of premium diamonds and contributing to the overall price drop.

OVERSUPPLY: THE OTHER SIDE OF THE COIN

While companies like De Beers attempt to manage supply strategically, other forces beyond their control are flooding the market.

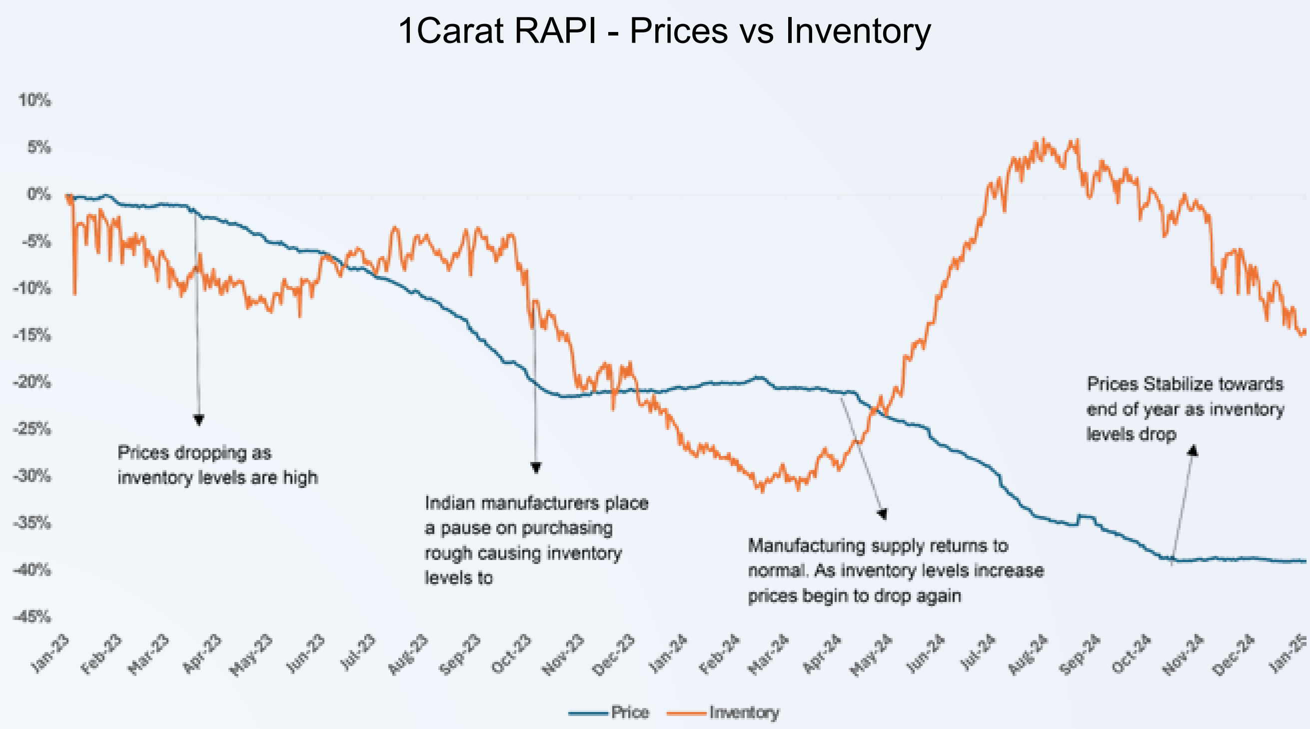
> ***"If you flood the market with diamonds, you destroy confidence. What happens when you increase supply? Prices go down. Then you lower prices, and what happens? People don't trust diamonds anymore," Rapaport warns.***

As Rapaport notes, "De Beers may hold back diamonds, but even with that, the market is still being affected by goods coming from places like Russia and Angola." This introduces a complex challenge for traditional industry players, who must navigate the growing influx of low-priced goods, including lower-quality diamonds from non-traditional sources. (See Graph 2: 1Carat RAPI - Prices vs Inventory)

THE TRAP OF LOWER PRICES

Lowering retail prices in response to the falling wholesale prices is a dangerous move for luxury markets. Rapaport argues that luxury markets don't behave like traditional ones: "If De Beers lowers prices, does that mean you should lower your retail prices? No! Luxury markets don't work that way. You hold your price, you take more margin." Lowering prices in the face of decreased supply sends a dangerous message to consumers: that diamonds are losing value. This creates doubt among consumers, undermining the perceived worth of the product.

GRAPH 2



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> ***"Nobody wants to buy something that's losing value. When you start lowering prices, you're sending a message: diamonds aren't worth what you thought they were worth."***

This sentiment highlights why luxury brands, like Rolex and Hermès, do not discount their products. Once a luxury item is treated like a commodity, it ceases to be perceived as a luxury.

THE PROBLEM WITH NEAR-GEM DIAMONDS

The oversupply issue is compounded by the rise of near-gem diamonds—lower-quality stones marketed as natural. Rapaport points out, "When everything is a diamond, nothing is special. When you mix cheap diamonds with real luxury diamonds, you're training the customer to think all diamonds are the same." This erosion of the premium pricing power of high-end diamonds is a significant issue. If customers see diamonds selling for hundreds of dollars at mass-market retailers, they begin to question why high-end diamonds should be priced so much higher.

> ***"Let synthetics and near-gems fight for the discount customer. You don't want that customer. You want the one who walks in and says, 'I want the best,'" Rapaport advises, urging the industry to maintain its focus on luxury rather than competing in the low-cost market.***

Key Takeaways

- The combination of too much supply and not enough demand continues to push prices lower, deepening the industry's financial struggles.
- With China no longer the powerhouse it once was and synthetic diamonds disrupting the market, traditional drivers of demand are shifting, and businesses need to rethink their strategies.
- Synthetic diamonds are reshaping consumer expectations, making it harder for natural diamonds to stand out as exclusive luxury items.
- The influx of diamonds from other sources, including Russia and Angola, is adding further instability to an already fragile market.
- Lowering prices may seem like an easy fix, but it risks diminishing the prestige of natural diamonds - luxury brands succeed by maintaining their value, not by discounting.

THE PATH FORWARD:
THE FUTURE OF NATURAL DIAMONDS

The natural diamond industry finds itself at a crucial crossroads. In the past, it relied on a business model of selling diamonds to anyone at any price to maintain volume, but that approach no longer works in today's market, which is flooded with synthetics, an oversupply of diamonds, and diminishing consumer confidence.

Looking ahead, the focus should not be on selling more diamonds but on selling fewer, better diamonds to a smaller, more selective group of customers. As Martin Rapaport highlights, the industry must stop trying to sell to everyone and shift towards a more luxurious approach.

> ***"We have to stop trying to sell everything to everybody all the time... The best way to make money in the diamond business is going to be luxury diamonds—expensive diamonds."***

For natural diamonds to thrive, they must be repositioned as an exclusive luxury product, catering to affluent consumers who value rarity, prestige, and craftsmanship.

LUXURY DIAMONDS ARE NOT COMMODITIES—THEY ARE VEBLEN GOODS

One of the industry's fundamental mistakes has been treating diamonds like a commodity, where the assumption was that lowering prices would increase demand. This logic doesn't apply to luxury items, where demand increases as prices rise, a concept known as the Veblen effect. As Rapaport explains, "Luxury diamonds are a Veblen good. People buy them because they're expensive. Have you ever seen someone in a Rolls-Royce trying to get a discount?"

Diamonds must be treated like other high-end products, such as Rolex watches or Hermès handbags. Higher prices enhance the product's exclusivity and perceived value, which makes them even more desirable to wealthy buyers. As Rapaport puts it, "You want to sell cheap? Go fight with Pandora. You want to sell luxury? Then your diamonds need to be expensive."

SELL TO THE RIGHT CUSTOMERS: FEWER, BETTER DIAMONDS FOR FEWER, BETTER BUYERS

For the natural diamond industry to succeed, it must redefine its target customer base. The goal should no longer be to appeal to price-sensitive consumers, who are more likely to shop at mass-market retailers like Pandora or Signet. Instead, diamonds must be marketed to high-net-worth individuals who seek quality, exclusivity, and luxury.

> ***"Your customers shouldn't be the people who want to save money. Your customers should be the people who want to spend money," says Rapaport.***

This shift in focus requires a complete overhaul of the industry's mindset. Rather than pursuing volume or discounting, the future lies in selling high-value diamonds to customers who care about quality and prestige, not price. "If a guy walks into your store and says, 'I need to save money,' send him to Pandora. You don't want that guy. You want the guy who says, 'I want the best.'"

THE $147 TRILLION OPPORTUNITY: THE WEALTH TRANSFER EFFECT

Over the next 25 years, $147 trillion will be passed from older generations to younger heirs, marking the largest wealth transfer in history. (See Table 5: The Great Wealth Transfer) This presents a significant opportunity for the luxury sector, and natural diamonds must position themselves at the forefront of this shift. "Who's going to get this money? The average inheritance is $750,000. That means these are families that understand luxury. They grew up in it. They know what quality is."

TABLE 5

The Great Wealth Transfer

	Age	US Population	% of Population	Transfer of $72 Trillion
The Greatest Generation	97+	424,279	0.1%	-
Silent Generation	79-96	16,619,871	4.9%	-
Baby Boom Generation	60-78	67,620,774	19.8%	$ 4
Generation X	44-59	64,755,730	18.9%	$ 30
Generation Y (Millennial)	28-43	73,927,140	21.6%	$ 27
Generation Z (iGen)	15-27	60,865,270	17.8%	$ 11
Generation Alpha	1-14	57,750,344	16.9%	-
Total		341,963,408	100.0%	$ 72*

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A new generation of wealthy consumers will soon be making decisions that will drive demand for luxury products. These individuals will invest in high-end items like luxury watches, designer handbags, and, of course, natural diamonds. But for this to happen, the diamond industry must position itself correctly.

Rapaport suggests, "We are going to see the best market in the world for luxury products in the United States over the next 25 years. The best of the best of the best. Sell those luxury diamonds."

THE FUTURE OF THE NATURAL DIAMOND MARKET

For the industry to not just survive, but thrive, it must fully embrace the luxury model. This entails higher prices and a controlled supply to reinforce exclusivity, targeting -high-net-worth individuals. It also requires a branding strategy that positions diamonds as symbols of status and legacy. Avoiding price competition with synthetics—essentially a different product—is crucial.

The natural diamond industry is not on the decline; it is evolving. But for this evolution to be successful, the industry must lean into what makes natural diamonds unique—scarcity, prestige, and the ability to tell a compelling story. The industry's greatest strength lies not in selling to everyone, but in creating desire among the right buyers.

> ***As Rapaport concludes, "The luxury diamond market must move forward. Fewer better diamonds, sold to fewer better customers. That's the future."***

Key Takeaways:

- The era of mass-market diamond sales is over, requiring a shift toward fewer, higher-quality diamonds for an exclusive customer base.

- Treating diamonds as commodities undermines their luxury status—higher prices often lead to higher demand and reinforce their exclusivity.

- The future lies in targeting high-net-worth consumers who prioritize quality, rarity, and prestige over price.

- Diamonds must be positioned as symbols of legacy, wealth, and craftsmanship, with controlled supply and elevated branding that highlights their luxury value.

FEWER, BETTER DIAMONDS: RECLAIMING THE INDUSTRY'S IDENTITY

The diamond industry's challenges are undeniable, but they are not insurmountable. The days of selling diamonds to the mass market at scale are fading, replaced by a new era of exclusivity, prestige, and targeted luxury.

> ***As Rapaport puts it, "Fewer, better diamonds for fewer, better customers."***

To survive and thrive, industry players must adapt to this new reality. Retailers must focus on high-net-worth buyers who value rarity and craftsmanship. And the industry as a whole must resist the temptation to compete with synthetics on price, instead reinforcing the unique value of natural diamonds.

> ***The bottom line according to Rapaport? "You can increase demand by increasing price. What a crazy idea. Now demand equals price divided by supply. You increase the price, you increase demand. You reduce supply, you also increase demand. That is the market for the future of the natural diamond business."***

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