



ORIGINALLUXURY

DMCC

THE SWISS PARALLEL

A COMPARATIVE
STUDY FOR NATURAL
DIAMONDS

Lessons in navigating
disruption and revival from
the Swiss watch industry



Contents

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01

THE SWISS PARALLEL

This comparative industry study sets out a historically grounded path through disruption to recovery. Four decades ago, the Swiss watch industry faced a shock that closely resembles the one now confronting natural diamonds. The Swiss watch industry, however, emerged larger, more valuable and more profitable than before. The question is whether the natural diamond industry can pursue the same path to success. This report argues that it can, but only if it moves decisively and executes the seven strategic moves set out in this study.

Within a decade, quartz had cut the Swiss watch workforce by nearly two-thirds and closed more than 60 per cent of firms

In 1970, the Swiss watch industry employed 90,000 people across some 1,600 firms and held roughly 55 per cent of the world watch market value and about half of world volume¹. Within just over a decade, quartz technology cut that workforce by nearly two-thirds, closed more than 60 per cent of those firms, and drove unit exports down from a 1974 peak of 84.4 million watches to roughly half that level by the early 1980s.

Yet four decades later, the picture is the opposite of decline: by 2023, Swiss watch exports had reached an all-time high of CHF 26.7 billion – an increase of approximately 857 per cent on the 1980 base of CHF 2.79 billion² – with the leading Swiss houses capturing close to half of all global watch value while producing under 5 per cent of the world’s watches. The Swiss watch industry did not merely survive; it rebuilt itself into a larger and more valuable industry than it was before the crisis.

The Swiss watch industry did not merely survive; it rebuilt itself into a larger and more valuable industry than it was before the crisis

¹ Donzé, 2011
² Donzé, 2011; FH, 2024

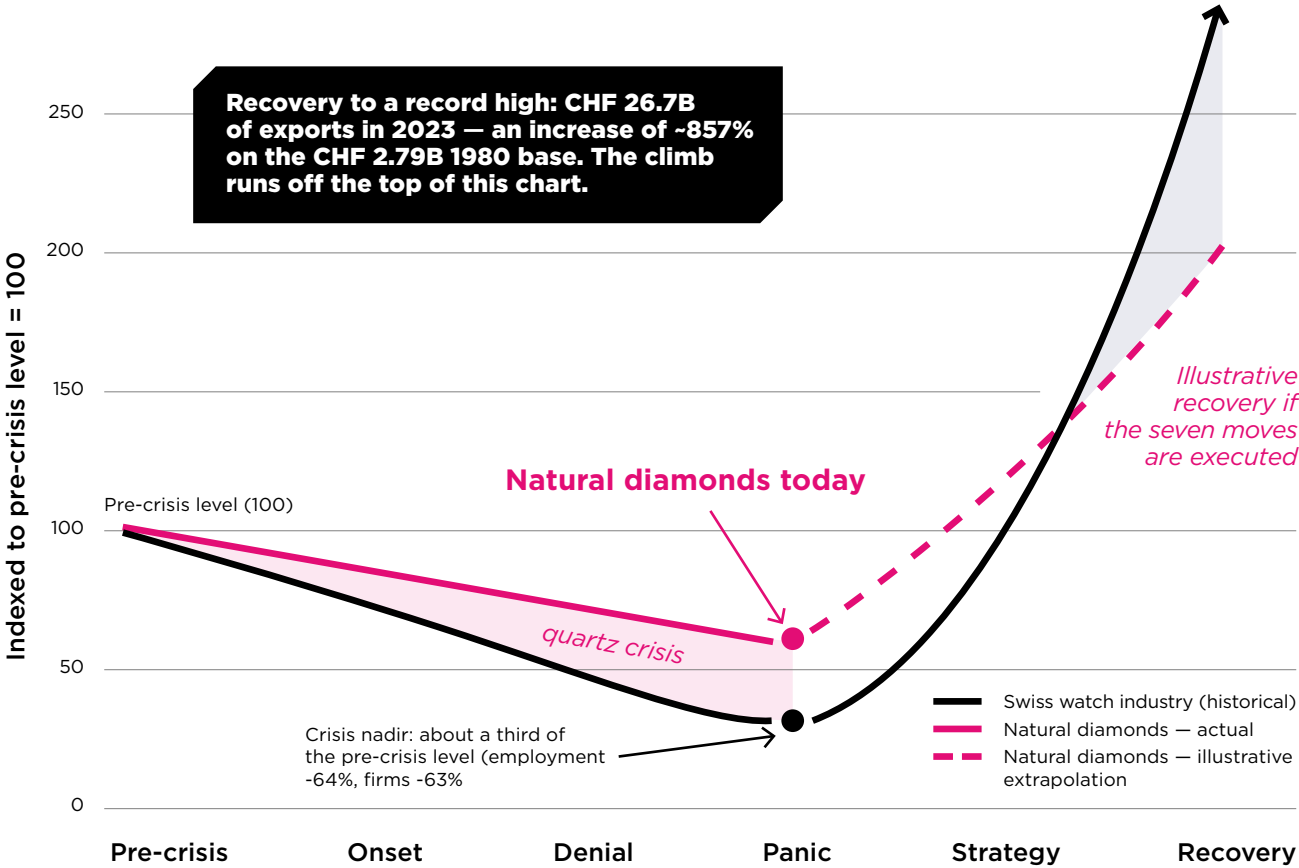
The natural diamond industry now stands where Switzerland did in the early 1980s. That should be read not only as a warning, but as grounds for strategic confidence. The Swiss experience provides a practical precedent for this form of disruption: a lower-cost alternative gaining mainstream acceptance, an incumbent industry slow to respond, and a premium tier eventually rebuilt around value rather than volume.

This study applies that precedent to natural diamonds. Figure 1 traces the Swiss collapse and recovery alongside an illustrative path that natural diamonds could follow if the industry acts on the recommendations set out below.

Figure 1

The possible disruption journey³

Swiss watch employment and firm numbers fell by roughly two-thirds during the quartz crisis; export value then recovered to record highs.



The parallels are direct. Both industries were disrupted by lower-cost alternatives that matched or exceeded incumbent performance: quartz watches through superior timekeeping technology, lab-grown diamonds through chemical replication.

Both disruptions targeted the same consumer markets: the United States, China, India, the

Gulf and Europe. Both categories are emotional purchases shaped by romance, status, self-expression and gifting rather than by functional necessity. And both incumbents followed the same early pattern: denial, delayed response and a scramble for strategic footing⁴.

³ Swiss figures are historical. The natural-diamond recovery path is an illustrative extrapolation, not a forecast. It assumes disciplined execution of the seven strategic moves and is calibrated to the study’s Scenario A. Each industry is indexed to its own pre-crisis level = 100.
⁴ Donzé, 2011

The diamond disruption is more severe. Lab-grown diamonds have essentially the same chemical composition, crystal structure, optical properties and physical properties as natural diamonds

In one respect, the diamond disruption is more severe. Quartz matched the function of mechanical watches using a different technology. Lab-grown diamonds go further. They have essentially the same chemical composition, crystal structure, optical properties and physical properties as natural diamonds, while differences in growth structure, trace elements and defects permit specialist identification. They also cost 70 to 90 per cent less⁵. The disruptor is therefore not simply cheaper. It is a visibly and functionally comparable product with a different origin and growth history.

When lab-grown diamonds reached 61 per cent of U.S. engagement-ring sales in 2025⁶, the natural diamond industry crossed the threshold that had once triggered the Swiss watch industry's collapse, the very point from which that industry's recovery began.

⁵ BriteCo, 2025
⁶ The Knot Research & Insights Team, 2026

THE CORE QUESTION

The question is no longer whether the diamond industry will be disrupted. It is whether it recognises its current stage quickly enough to follow the recovery path the Swiss watch industry eventually took.

What this comparative industry study provides

- A five-phase, author-developed framework mapping the disruption trajectories of both industries.
- Economic data from the Swiss watch crisis (1970–1983) and the subsequent recovery (1983–present).
- Current-position analysis showing natural diamonds in Phase 3 (Panic).
- Seven strategic moves and a proposed 12–24-month initial action window.
- Three projections for 2035 based on industry response (section 4.1).

02

THE SWISS
WATCH
CRISIS AND
RECOVERY

2.1

The crisis (1970–1983)

The quartz crisis devastated the Swiss watch industry across every major measure: employment, firm count, export volumes and market position. Between 1970 and the mid-1980s, the scale of the contraction was stark⁷. This was not a cyclical downturn. It was a structural displacement of an entire industry’s value proposition.

Table 1

Key Indicators of Swiss Watch Industry
Displacement, 1970–1983⁸

Indicator	Pre-crisis	Lowest-Point	Change
Employment	90,000 (1970)	32,000 (1983)	-64%
Firms	~1,600 (1970)	~600 (1983)	-63%
Market share	~55% (1970)	<30% (early 1980s)	-25 points (≈-45%)
Export units	84.4M (1974 peak)	~42M (early 1980s)	≈-50%
Export value (nominal)	>CHF 3.0B (1974 peak)	~CHF 2.79B (1980)	≈-10%

⁷ Donzé, 2011; Landes, 1983
⁸ Data adapted from Donzé (2011) and Landes (1983); the early-1980s world market share figure is from Raffaelli (2018); export unit figures from Twinam (2022). Percentages calculated by the authors. The Federation of the Swiss Watch Industry is not cited as its published historical series begins in 2000 and cannot source figures for this period. The export value row is nominal and not inflation-adjusted; the 1974 peak figure is from the Fondation de la Haute Horlogerie (n.d.) and the 1980 figure from Donzé (2011). Nominal francs held up far better than volume because price inflation and a shift towards higher-value pieces offset the collapse in units – the volume-versus-value divergence on which this study’s argument rests. The CHF 2.79 billion 1980 figure is the base used for the recovery calculation in section 2.3; the study does not identify the exact nominal trough year.

2.2

The Hayek transformation (1983–1990)

In March 1983, Swiss banks commissioned management consultant Nicolas Hayek to assess liquidation or break-up strategies for ASUAG and SSIH, Switzerland’s two largest watch conglomerates facing bankruptcy. Instead, Hayek returned with a transformation roadmap⁹.

Hayek’s plan began with a clear-eyed acceptance of what had changed¹⁰:

- Mechanical watches would never compete with quartz on accuracy or on price.
- The mass market was permanently lost and would not be recovered.
- Swiss competitive advantage lay in heritage and craft, not in technology.
- Volume decline was not a failure to be reversed but a condition to be managed.
- Coordinated industry action was not optional.

Table 2

Strategic Moves Behind the Swiss Watch Industry Recovery¹¹

Consolidation Merger of ASUAG and SSIH into SMH (later Swatch Group).	Dual-tier strategy Swatch (\$40–80 quartz) for cash flow + mechanical repositioning for premium.
Automation investment Despite crisis, invested in production efficiency.	Legal protection “Swiss Made” designation protected by law.
Marketing shift From “accuracy” to “art, heritage, investment, status”.	R&D and movement production centralisation Omega and Longines ceased independent movement production in 1985 and 1988.

Hayek did not try to defeat quartz. He used it through Swatch while repositioning mechanical watches into value frameworks where quartz superiority no longer mattered.

⁹ (Donzé, 2011)
¹⁰ Taylor, 1993
¹¹ Execution moves adapted from Donzé (2011) and Taylor (1993).

2.3

The record recovery (1990–present)

The strategy worked. Swiss watches did not return to their old model – they built a better one, with value far exceeding the pre-crisis peak.

Table 3

Swiss Watch Industry Recovery Indicators¹²

CHF 26.7B Swiss watch exports in 2023	+857% Growth from 1980 base of CHF 2.79B	~50% Of global watch value	<5% Of global watch units
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Quartz watches typically range from \$20 to \$1,000, while mechanical watches start around \$1,000 and can reach millions¹³. Mechanical watches have become an investment-grade market, with active secondary trading.

Selected brands have developed strong collector markets and, in some cases, investment characteristics. The vintage watch market is projected to reach CHF 35 billion (market size) by 2030¹⁴.

THE COUNTER-INTUITIVE PRINCIPLE

Accepting volume decline while investing in value differentiation produced an outcome stronger than the pre-crisis model.

¹² Values adapted from Donzé (2011), FH (2024), Heepmann (2024), and Landes (1983). Growth percentage calculated by the authors as (26.7 – 2.79) / 2.79, using the CHF 2.79 billion 1980 export base given by Donzé (2011) and the CHF 26.7 billion 2023 figure published by FH (2024).
¹³ Watch-Rankings, 2024; Fédération Horlogère Suisse, n.d.
¹⁴ Deloitte, 2023

2.4

The market did not shrink – it multiplied

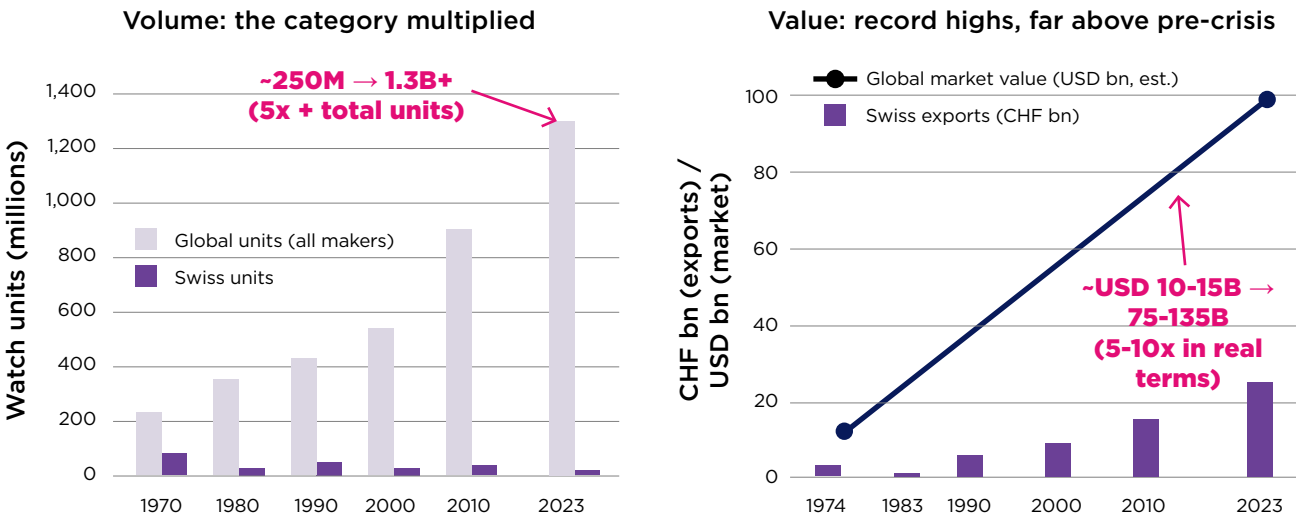
The Swiss recovery is often read as a story of a smaller industry surviving on higher margins. The more important lesson for natural diamonds is that disruption did not shrink the watch category – it multiplied it. Global watch production rose from roughly 250 million units before the crisis to more than 1.3 billion today, while total market value expanded from an estimated \$10 to \$15 billion to \$75 to \$135 billion¹⁵.

Quartz democratised watch ownership across Asia, Latin America, and emerging markets, bringing in hundreds of millions of first-time buyers. Smartwatches – a direct descendant of the quartz revolution – now ship roughly 155-160 million units a year on their own, close to two-thirds of the entire pre-crisis global market on that estimate¹⁶. While Swiss makers did not recapture the mass market, they captured a rising share of the value of a far larger one, reaching CHF 26.7 billion in exports at under 5 per cent of global units¹⁷.

Global watch production rose from roughly 250 million units before the crisis to more than 1.3 billion today

Figure 2

Since 1970, Swiss watch unit volume has fallen against global volume, but has gained in exports and total market value¹⁸



THE EXPANSION PRINCIPLE

Disruption can grow a category rather than destroy it. For natural diamonds, the opportunity is not to defend today’s market at all costs, but to secure the premium tier of a larger market before others define it.

¹⁵ Donzé, 2018; International Data Corporation [IDC], 2024; Mordor Intelligence, 2025
¹⁶ IDC, 2024
¹⁷ Federation of the Swiss Watch Industry FH [FH], 2024; Heepmann, 2024

¹⁸ Swiss data from FH (2024) and Donzé (2018); global volume and value estimates from IDC (2024) and Mordor Intelligence (2025). Pre-1990 global figures are estimates, and the pre-crisis global unit base is not established by a single source. For illustration purposes only, USD/CHF currency differences are not taken into consideration.

03

THE NATURAL DIAMOND DISRUPTION

3.1

The 61% inflection point

In 2024, lab-grown diamonds accounted for 52 per cent of U.S. engagement-ring sales¹⁹, rising to 61 per cent in 2025²⁰. This resembles the critical phase of the quartz crisis, when Swiss watch exports fell by roughly half from their 1974 peak of 84.4 million units by the early 1980s²¹.

The 50 per cent threshold matters because it changes market behaviour. Once a disruptor becomes the mainstream choice, retailer incentives, consumer social proof and category language begin to align around it. At that point, the “alternative choice” no longer looks alternative. It begins to look normal.

The path to 61 per cent

The shift to majority share was rapid and is still accelerating. This progression mirrors the exponential adoption pattern that characterised quartz watches in the 1970s: slow early uptake followed by rapid acceleration once consumer acceptance reached critical mass.

Once a disruptor becomes the mainstream choice, retailer incentives, consumer social proof and category language begin to align around it

¹⁹ The Knot Research & Insights Team, 2025

²⁰ The Knot Research & Insights Team, 2025

²¹ Twinam, 2022

Table 4

Growth of Lab-Grown Diamond Penetration, 2015-2025

2015	<1%	Lab-grown diamonds enter jewellery market (Friesen, 2025)
2019	~12%	(Friesen, 2025)
2020	~18%	(The Knot Research & Insights Team, 2026)
2022	~28%	(BriteCo, 2025)
2023	~39%	(Golan, 2023)
2024	52%	(The Knot Research & Insights Team, 2025)
2025	61%	(The Knot Research & Insights Team, 2026)

3.2

Current crisis metrics

The natural diamond industry is now showing the same crisis signals that marked the Swiss watch collapse.

Market displacement

- **Lab-grown diamond U.S. engagement-ring share (by units):** <1% (2015) → 61% (2025)²².
- **Natural diamond share:** 99% (2015) → 39% (2025), derived from lab-grown share²³.
- **Gen Z purchasers:** two-thirds of Gen Z engagement-ring purchasers chose lab-grown stones²⁴.
- **Millennial adoption accelerating:** approximately 50% lab-grown preference in diamond purchases²⁵.
- **Volume vs. value:** the shares above are by unit volume (share of engagement-ring purchases). By value, natural diamonds retain a materially larger share, as each natural stone commands roughly four times the average price of its lab-grown equivalent (see Price collapse, below).

²² Friesen, 2025; The Knot Research & Insights Team, 2026
²³ Friesen, 2025; The Knot Research & Insights Team, 2026
²⁴ BriteCo, 2025
²⁵ BriteCo, 2025

Figure 3

Observed generational preference: natural vs. lab-grown engagement rings

Gen Z (66% lab-grown) is the inflection; Generation Alpha outcomes depend on which scenario the industry executes.

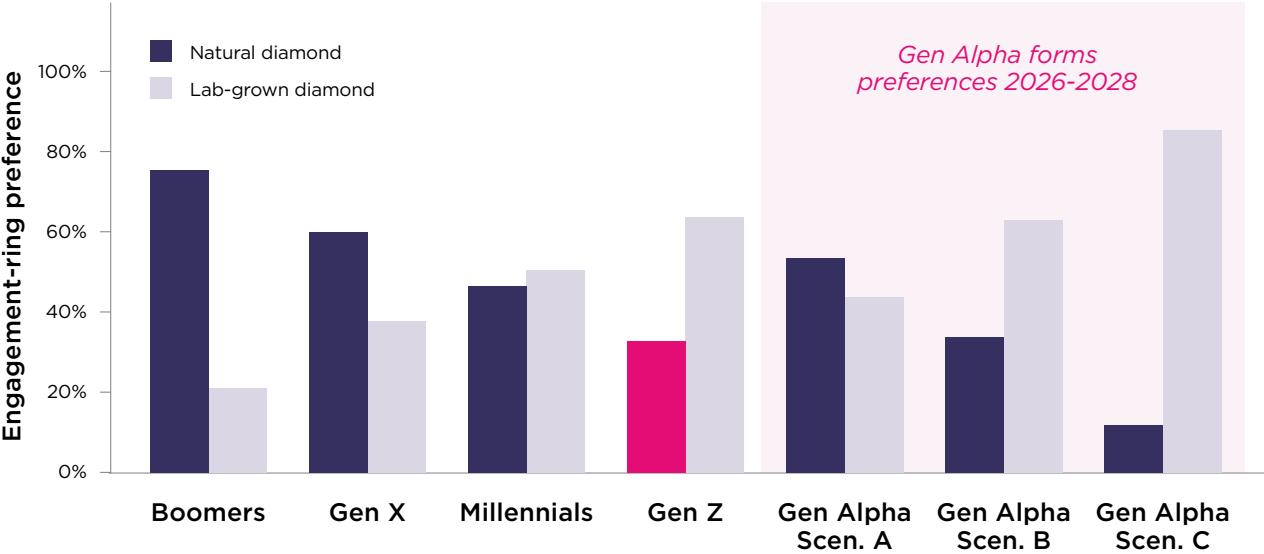
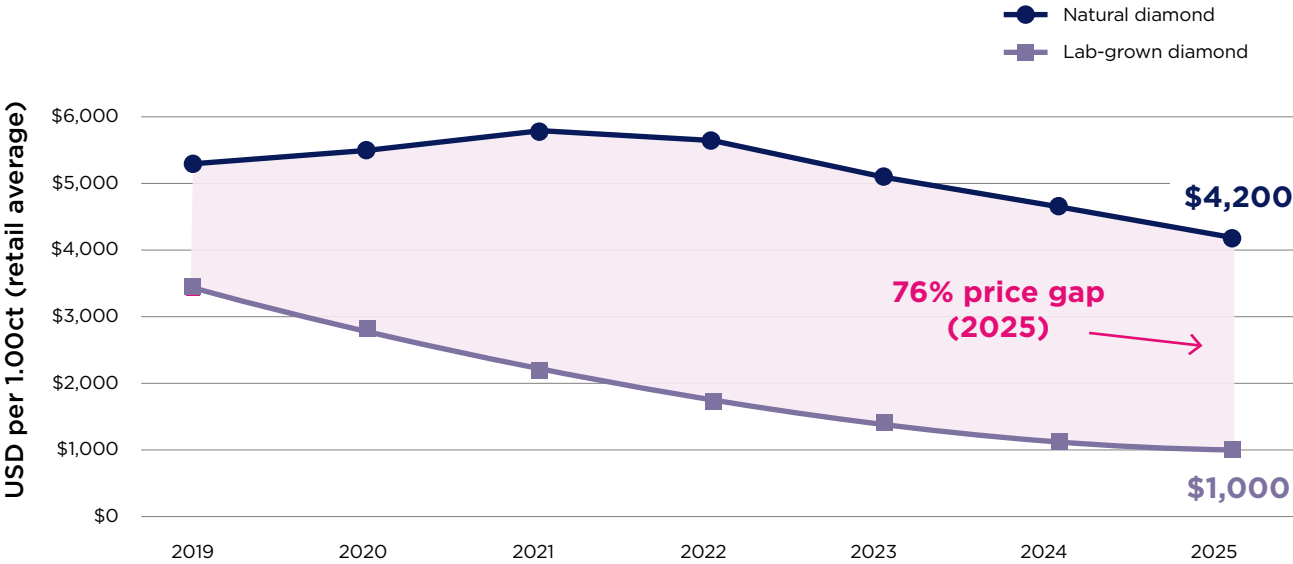


Figure 4

Price divergence: 1-carat retail averages, 2019-2025

Both categories declined; the lab-grown curve fell faster, opening a 76% price gap by year-end 2025.



Price collapse²⁶

- **1.00ct price differential:** 76% gap – 1ct lab-grown at \$1,000 or lower vs. natural at \$4,200²⁷.
- **Widening gap:** ~40-50% (2020) → 70-90% (2024) across quality tiers²⁸.
- **Decline of natural diamond prices:** the 1-carat RapNet Diamond Index fell 10.7% in 2022, 20.6% in 2023, 23.1% in 2024 and 9.9% in 2025 – a compounded decline of approximately 51% across the four years²⁹.
- **Decline of lab-grown diamond prices:** as a result of production scaling and competitive pressure.

Revenue compression

- **Industry-wide context:** the compression spans the sector, not one company. The Zimnisky Global Rough Diamond Price Index fell roughly 40% from its 2021-22 peak, and both of the two largest producers, De Beers and Alrosa, reported steep sales declines across 2024-2025³⁰.
- **De Beers (largest producer by value) total revenue:** \$6.1 billion peak (2018) → \$3.5 billion (2025) = -43%³¹.
- **De Beers production cuts:** 24.7 million carats (FY2024) → 21.7 million carats (FY2025) = -12%³².
- **Average U.S. engagement ring expenditure:** \$6,000 (2015) → \$4,600 (2025) = -18% despite inflation³³.

²⁶ Specifications for price comparisons: Round brilliant cut, G-H colour, VS1-VS2 clarity (typical engagement ring quality), retail pricing 2025. Retail pricing varies by retailer, region, and certification; figures represent market averages from multi-retailer surveys (BriteCo methodology).

²⁷ BriteCo, 2025
²⁸ BriteCo, 2025
²⁹ Rapaport News, 2023, 2024, 2025, 2026

³⁰ Zimnisky, 2025
³¹ Anglo American, 2025; De Beers Group, 2026
³² De Beers Group, 2025a; De Beers Group, 2026
³³ The Knot Research & Insights Team, 2026; The Knot Worldwide, 2015

Consumer sentiment shift

The disruption is not driven by quality differentiation. The shift is driven by:

- **Price accessibility:** 70-90% cost reduction³⁴ democratises diamond ownership.
- **Generational values:** Gen Z prioritising price and perceived sustainability over geological origin.
- **Retailer incentives:** Higher margins on lab-grown diamonds driving sales recommendations.
- **Marketing effectiveness:** Lab-grown diamond brands successfully position themselves as the “smart choice”.
- **Social acceptance:** Stigma of “lab-grown” eroding as chemical identity becomes understood.

³⁴ BriteCo, 2025

THE FUNDAMENTAL SHIFT

This represents a more fundamental disruption than quartz watches. Quartz only replicated the function of mechanical watches with a different technology. Lab-grown diamonds are indistinguishable to the naked eye from natural diamonds – not just functionally equivalent but essentially the same chemical composition and crystal structure.

3.3

Timeline compression: Approximately 50% faster than Swiss watches

Table 5

Five factors driving acceleration³⁵

Digital commerce E-commerce platforms (Blue Nile, Brilliant Earth, James Allen, direct lab-grown producers) offer instant national and global reach without building physical retail. The 1970s required years of retail buildout.	Social media Instagram, TikTok, and YouTube allow lab-grown diamond brands to connect with Gen Z directly, bypassing traditional jewellery retail channels. Influencer marketing accelerates adoption.
Price transparency Online comparison makes the 76% price difference³⁶ visible and measurable. In the 1970s, comparing watch prices required visiting multiple stores.	Sustainability narrative Millennial and Gen Z climate concern fuels acceptance of “eco-friendly diamond” branding, regardless of whether lab-grown environmental claims pass lifecycle assessments.
Manufacturing scalability Lab-grown production scales by adding CVD or HPHT reactors approximately 12-18 months from new capital to commercial output. Quartz watch factories required three to five years.	

STRATEGIC IMPLICATION

Whereas the Swiss watch industry had seven to nine years to formulate a coordinated response after quartz crossed 50 per cent penetration, the natural diamond industry has an estimated two to three years before displacement could become structurally irreversible. The response window for coordinated industry action is estimated at 12-24 months.

³⁵ Sources include BriteCo (2025), De Beers Group (2022), Eaton-Magaña and Shigley (2016), National Jeweler (n.d.) and O'Malley (2024). Interpretive comparisons with the quartz crisis are the authors' analysis.

³⁶ BriteCo, 2025

04 THE FIVE-PHASE DISRUPTION FRAMEWORK

Framework overview

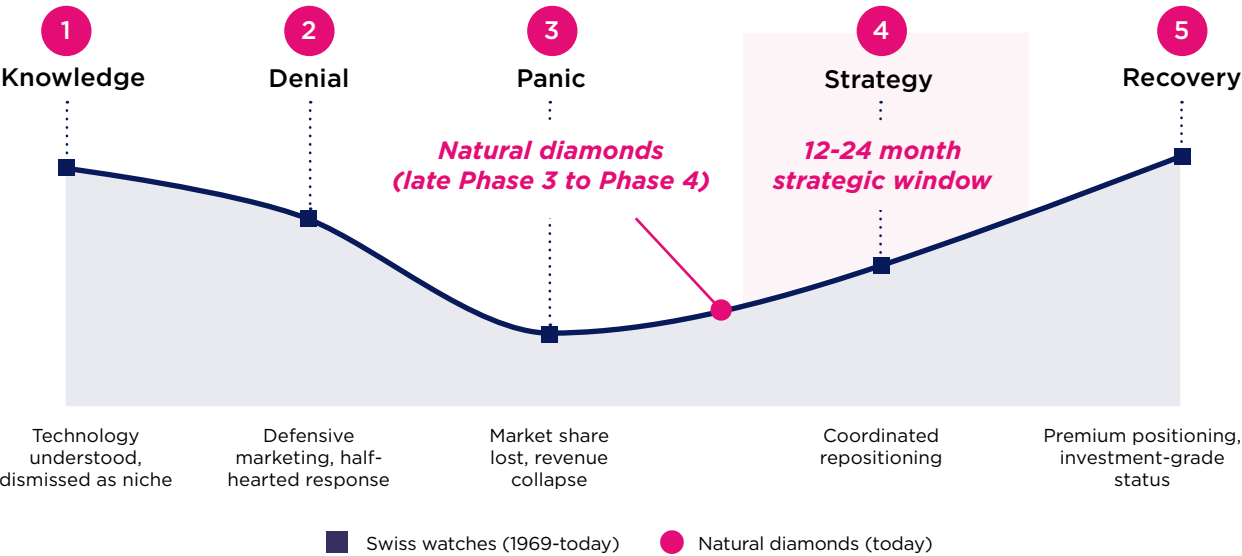
Much like Nicolas Hayek's recommendation for a structured industry response, the natural diamond industry must respond in a concerted effort. A five-phase framework is proposed that describes how incumbent industries respond when a cheaper substitute moves from the margins into the mainstream.

While the technologies differ (quartz versus mechanical watches, lab-grown versus natural diamonds) the pattern is strikingly similar: early knowledge, denial, panic, strategy, recovery, and – if the response is coordinated – multi-fold growth. The point of the framework is practical. Each phase has a different time horizon, decision environment, and set of strategic options.

Figure 5

The five-phase disruption journey

Industry health declines through Knowledge, Denial and Panic, then recovers if coordinated Strategy is executed.



CRITICAL INSIGHT

The natural diamond industry is moving through these phases faster than Swiss watches due to digital commerce, social media and manufacturing scalability³⁷. This compression shortens the Phase 4 response window.

The five phases at a glance

Table 6

Five-Phase Framework³⁸

Phase 1

Swiss: 1969-1972 · Diamonds: 2015-2019

Knowledge

Technology understood by industry insiders but dismissed as targeting different customer groups or lower-tier markets.

Phase 2

Swiss: 1972-1975 · Diamonds: 2019-2022

Denial

Market penetration apparent but dismissed as temporary, niche, or solvable through marketing. Fragmented competition hinders coordinated action.

Phase 3

Swiss: 1975-1983 · Diamonds: 2022-2026

Panic

Market share declines, revenue falls and the incumbent faces an existential threat. **This is where natural diamonds are today.**

Phase 4

Swiss: 1983-1990 · Diamonds: 2026-2029 window

Strategy

Coordinated transformation strategy emerges, usually triggered by external crises. Volume decline accepted; investment in value differentiation.

Phase 5

Swiss: 1990-present · Diamonds: 2030-2035

Recovery

Outcomes could be better than pre-crisis performance for a small market share capturing most of the value. Three scenarios depending on Phase 4 execution, set out in section 4.1.

³⁷ Donzé, 2011; The Knot Research & Insights Team, 2025

³⁸ Phase structure and labels are the authors' interpretation. Swiss watch timeline adapted from Donzé (2011) and Landes (1983). Diamond timeline adapted from Friesen (2025), The Knot Research & Insights Team (2025, 2026) and BriteCo (2025).

4.1

Three projected scenarios

The five phases describe how disruption unfolds. The three scenarios below describe what the natural diamond industry may look like by 2035 depending on the speed and scale of its response.

They are strategic projections rather than forecasts. They apply the Swiss analogy to stated assumptions about coordination, investment, and infrastructure, recognising that there is still strong potential to shape future outcomes.

Scenario A: Transformation success (Swiss-style recovery)

Assumptions. Coordinated transformation begins in 2026-2027; governance mechanisms enable collective action; the infrastructure described in M3 and M4 (see: Section 5), including digital product passports, secondary markets, enhanced certification, and investment-grade classification, is built from 2026 to 2029; sustained marketing investment repositions natural diamonds as heritage and investment assets.

- **Market share in 2035:** 20-30 per cent by volume, 60-70 per cent by value. The premium position, as reached by the top Swiss houses.
- **Average transaction value:** natural diamond engagement rings at \$8,000-15,000 against lab-grown at \$1,500-3,000, a 5-10x premium carried by investment and heritage positioning.
- **Generation Alpha:** 50-60 per cent choosing natural for purchases above \$5,000; lab-grown continues to hold the fashion-jewellery tier below \$2,000.
- **Infrastructure:** digital product passports on more than 90 per cent of natural diamonds above 1.00ct by 2028; annual secondary-market resale trading above \$2 billion by 2035; a publicly accessible Natural Diamond Price Index with market credibility; investment-grade certification with resale retention above 80 per cent.
- **Producers:** major producers viable at lower absolute volumes; employment stabilising at 50-60 per cent of the 2015 peak, concentrated in premium segments; operating margins of 15-25 per cent, compared with 8-12 per cent under commodity competition. Successful new marketing and product approaches for “non-bankable” natural diamonds.
- **Timeline:** visible stabilisation 2028-2030, full recovery 2032-2035. Total cycle of 12-13 years, considerably shorter than the Swiss 21-year cycle.

Scenario B: Delayed adaptation (incomplete recovery)

Assumptions. Coordination is delayed to 2027-2029; governance nonetheless achieves partial producer participation of 50-60 per cent. Infrastructure development is fragmented; marketing investment is insufficient for comprehensive repositioning; Generation Alpha continues to adopt lab-grown preference before natural diamond repositioning reaches them.

- **Market share in 2035:** estimated at 15-20 per cent by volume, 40-50 per cent by value, with a partial premium capture and incomplete differentiation from lab-grown.
- **Average transaction value:** natural diamond at \$5,000-8,000 against lab-grown at \$1,500-3,000 for comparable jewellery pieces, but lab-grown jewellers show higher levels of creativity and understanding of market dynamics.
- **Generation Alpha:** 30-40 per cent choosing natural diamonds for specific pieces, driven more by wealth than by the value proposition.
- **Infrastructure:** fragmented passport adoption across incompatible platforms; annual secondary-market trading below \$500 million, too thin to support a credible investment claim; several competing price indices, non-authoritative; improved certification standards adopted inconsistently.
- **Producers:** consolidation as weaker mid-tier producers exit; employment at 35-45 per cent of the 2015 peak; marginal profitability, with volume losses only partly offset by selective premiums.
- **Timeline:** five to seven additional years of disruption before eventual stabilisation in 2030-2033 and partial recovery in 2033-2037. A total cycle approaching the Swiss timeline despite the technological acceleration that should have shortened it.

Scenario C: Irreversible displacement (industry collapse)

Assumptions. Coordination fails; fragmented competitive responses prevent collective action; infrastructure development stalls; marketing remains defensive and generic; Generation Alpha inherits and amplifies the lab-grown preference already shown by Gen Z engagement-ring purchasers; natural diamond cultural relevance collapses in the mass market.

- **Market share in 2035:** 5-10 per cent by volume, 15-25 per cent by value. An ultra-luxury niche, comparable to the position Swiss mechanical watchmaking held when its world market share fell below 30 per cent in the early 1980s.

■ **Average transaction value:** \$15,000-50,000 and above, ultra-premium only, with the mass market lost.

■ **Generation Alpha:** 10-15 per cent choosing natural, among ultra-wealthy or traditionalist buyers only.

■ **Infrastructure:** no coordinated passport standard; secondary-market collapse with low resale value, discrediting the investment narrative; pricing opacity persists.
- **Producers:** catastrophic consolidation in which only the largest survive; employment falling to 20-30 per cent of the 2015 peak, a contraction of the order Switzerland experienced between 1970 and 1983³⁹; producer valuations falling as Swiss conglomerate valuations did before the SMH merger; natural diamonds positioned culturally as a dated and sustainably irresponsible luxury.

■ **Timeline:** irreversible decline between 2028 and 2030, consolidation from 2030 to 2035, settling permanently into an ultra-luxury niche without mass-market cultural relevance.

Table 7

Three illustrative recovery scenarios⁴⁰

Dimension (2035)	Scenario A	Scenario B	Scenario C
Volume share	20-30%	15-20%	5-10%
Value share	60-70%	40-50%	15-25%
Natural ring price	\$8-15k	\$5-8k	\$15-50k+
Premium over lab-grown	5-10x	3-5x	ultra-niche only
Gen Alpha choosing natural	50-60%	30-40%	10-15%
Passport coverage	>90% above 1.00ct	40-60%, fragmented	no standard
Secondary market	>\$2bn a year	<\$500m a year	collapsed
Employment vs 2015 peak	50-60%	35-45%	20-30%
Total cycle	12-13 years	17-18 years	no recovery

³⁹ Donzé, 2011

⁴⁰ All figures in this table are projections and estimates by the authors under the classification set out in Appendix A. They are not forecasts, and they are not derived from empirical data about future periods.

What separates the three

The distance between Scenario A and Scenario C is not incremental. Five variables determine where the industry lands.

- **Coordination timing.** Scenario A requires initiation in 2026-2027. Delay beyond 2027 produces Scenario B or C as Generation Alpha preferences stabilise.
- **Infrastructure completeness.** Scenario A requires the digital product passport, the price index, investment-grade classification and secondary-market venues to launch together. Partial implementation, as in Scenario B, produces consumer confusion rather than a slower version of success.
- **Investment scale.** The Swiss transformation is estimated to have absorbed approximately 15 per cent of the Swiss watch industry’s annual revenue between 1983 and 1990. Applied to a natural diamond production value in 2025 of approximately \$12 billion, the equivalent would be roughly \$1.8 billion annually. Funding materially below that level points toward Scenario B⁴¹.
- **Producer participation.** Scenario A requires participation from producers representing more than 70 per cent of supply. At 50-60 per cent the result is a fragmented Scenario B; below 50 per cent, Scenario C.
- **Marketing comprehensiveness.** Scenario A requires repositioning across every consumer touchpoint, including retail, digital, experiential, influencer, and media. Partial execution leaves the narrative to lab-grown producers.

The Swiss precedent shows that Scenario A is possible, but it was not produced by time alone. Mechanical watchmaking reached CHF 26.7 billion in exports in 2023 because the industry accepted the loss of the mass market, coordinated around a new value proposition and invested through the crisis. Natural diamonds face the same requirement on a shorter timeline. Whether coordination can be assembled before 2027 is the question on which all three scenarios turn.

⁴¹ The Swiss percentage is an estimate derived from Donzé (2011).

ANALYSIS IMPLICATION

The industry is in Phase 3, and the Phase 4 strategy window remains open—but not indefinitely. Coordination that begins by 2027 keeps Scenario A available. Delayed or partial coordination produces Scenario B. Failed coordination produces Scenario C, while Generation Alpha’s preferences harden in the background. These are not predictions. They are the strategic choices now in front of the industry.

05

STRATEGIC IMPERATIVES

The Swiss watch recovery gives the natural diamond industry something unusually valuable: a tested strategic parallel. The following moves represent a sequence that cannot be cherry-picked. Each move depends on the one before it, and together they point to a single destination. That destination is asset reclassification: moving a defined tier of natural diamonds out of the consumption category, where lab-grown diamonds are winning, and into a store-of-value category, where manufactured stones cannot credibly compete.

Quartz made mechanical watches functionally weaker as timekeeping instruments. Swiss watchmakers rebuilt value around scarcity, craft, provenance and desirability. Natural diamonds have a similar opening as long as the industry follows the moves sequentially.

Quartz made mechanical watches functionally weaker as timekeeping instruments. Swiss watchmakers rebuilt value around scarcity, craft, provenance and desirability

The strategic architecture at a glance

Strategic Move		Swiss Watch Equivalent
PRE	Foundational prerequisite: Accept market realities	Hayek’s five brutal truths, March 1983
M1	Cede the commodity tier deliberately and permanently	Compete on the new technology’s economics or deliberately concede the tier.
M2	Make rarity the centrepiece of jewellery demand	Repositioning mechanical watches as heritage objects of desire
M3	Build the authentication and provenance layer	The ‘Swiss Made’ legal standard and brand archives
M4	Establish the investment tier	Separate performance certification, price discovery and resale venues.
M5	Govern collectively and prevent free-riding	Consolidated governance enabled coordinated action within SMH.
M6	Own sustainability as a social impact story	RJC standards and circularity as premium brand attribute
M7	Build experiential conviction at scale	Manufacture tours, heritage museums, Watches & Wonders

The moves are sequenced intentionally. M1 frees resources now being spent on unwinnable competition. M2 rebuilds demand around the one attribute lab-grown diamonds cannot copy: geological rarity. M3 makes that claim verifiable. M4 turns verified rarity into an investment tier. M5 protects the system from free-riding. M6 and M7 deepen the proposition through social impact and experience. Taken together, they form the operating model for a premium natural diamond market.

Foundational Prerequisite: Accept Market Realities

The Swiss watch industry lost years because it could not accept what the data had already made obvious. The natural diamond industry cannot afford the same delay. Lab-grown diamonds are not a temporary phenomenon, a niche product or a marketing misunderstanding. They have the same chemical composition, crystal structure, optical properties and physical properties as natural diamonds; they cost 70-90 per cent less to produce; and they have crossed 60 per cent of the U.S. engagement-ring market in a decade. That position is unlikely to reverse.

Hayek’s intervention in March 1983 succeeded not because it introduced new strategies but because it forced acceptance of certain realities before any strategies were proposed. Mechanical watches

would never compete with quartz on accuracy or price. The mass market was permanently lost. Swiss competitive advantage lay in heritage and craft, not technology. Volume decline was not a failure to reverse but a condition to manage. And coordinated industry action was not optional.

The Swiss lesson is clear that accepting volume loss is the first step toward building value leadership. But acceptance must be operational, not rhetorical. It has to change where capital is allocated, how categories are defined and what the industry stops trying to defend.

The Swiss lesson is clear that accepting volume loss is the first step toward building value leadership



THE PREREQUISITE IN PRACTICE

Stop:

- Defending the commodity tier with marketing investment that cannot change the underlying economics.
- Framing lab-grown diamonds as “not real” – a narrative that functions as free marketing for the competitor it seeks to discredit.
- Treating the strategic window as open-ended. The Swiss industry had years to act before its crisis became irreversible. The natural diamond industry’s equivalent window is measured in months.

Commit to:

A single, shared strategic destination: the reclassification of a defined tier of natural diamonds from a consumption category into a store-of-value category. The only repositioning that permanently separates natural from lab-grown diamonds.

M1

Strategic Move 1: Cede the Commodity Tier – Deliberately and Permanently

The first active move is the most counterintuitive and the most necessary: stop defending the commodity tier.

This is not surrender. It is a resource-allocation decision. The natural diamond industry is still spending capital, management attention and credibility defending sub-\$3,000 stones against lab-grown diamonds. At current price gaps, that fight is structurally unwinnable.

The 70-90 per cent cost differential is not a messaging problem; it is the economics of manufacturing versus mining.

The Swiss watch industry learned this the hard way. Between 1972 and 1983, individual firms burned resources on quartz production, marketing campaigns, and defensive repositioning, all of which failed because none addressed the underlying cost differential.

The natural diamond industry is still spending capital, management attention and credibility defending sub-\$3,000 stones against lab-grown diamonds. At current price gaps, that fight is structurally unwinnable

What eventually worked was the opposite: a formal, strategic move away from the mass market, freeing the resources needed to build the premium tier that became the basis of recovery.

The Swatch was not a compromise; it was a strategic asset. By creating affordable, collectable, trendy Swiss quartz watches with a firm price point, Hayek simultaneously generated cash flow to fund the premium repositioning and sent a clear signal to the market about where Swiss mechanical watchmaking stood. The natural diamond equivalent is a managed transition: a clear, public, and credible statement that natural diamonds are not competing at commodity price points, and an explicit endorsement of the tier below as a separate category with its own value proposition.

For natural diamonds, ceding the commodity tier means treating lab-grown diamonds as category expansion rather than category destruction. Lab-grown stones are expanding the overall category of diamond jewellery ownership, bringing in new consumers who could never afford natural diamonds. That expansion is the foundation on which a premium natural diamond market can be built. The natural diamond industry does not need to compete for every one of those purchases. It needs to sit above them, with a value proposition that is clearly different and commercially defensible.

For natural diamonds, ceding the commodity tier means treating lab-grown diamonds as category expansion rather than category destruction

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
Hayek accepts that the unit mass market is permanently lost to quartz.	Industry accepts that commodity-tier natural diamond sales (below a defined price and quality threshold) have transitioned to lab-grown alternatives.
The Swatch launches in 1983 at a firm low price point, bifurcating the Swiss watch market into mass and premium tiers. Swiss Made quartz becomes the ‘floor’ product; mechanical watches become the ‘premium’ product.	A managed, industry-wide transition, positioning lab-grown diamonds as the accessible tier and natural diamonds as the premium tier, not through adversarial marketing but through clear differentiation of value propositions, price architecture, and consumer communication.
Resources previously defending the mass market are redirected to building premium-tier infrastructure.	Resources previously defending commodity market share are redirected to building the investment-tier infrastructure described in M4. The category expansion funded by lab-grown diamond growth provides the market context in which natural diamond premium positioning becomes legible to consumers.

Questions for industry consideration

- At what price point and quality threshold should the industry formally define the boundary between the commodity tier (ceded) and the premium tier (defended)?
- What governance mechanism ensures that the cession is coordinated across producers and retailers rather than executed unilaterally in ways that create competitive disadvantage for early movers?
- How is the transition communicated to consumers without creating a ‘natural diamonds are only for the wealthy’ perception that undermines the aspirational positioning of the category?
- What role, if any, should producers play in the lab-grown tier and does participation in that tier create conflicts with natural diamond’s premium positioning?

M2

Strategic Move 2: Make Rarity the Centrepiece of Jewellery Demand

Once the commodity tier is ceded, the industry can concentrate on the attribute lab-grown diamonds cannot reproduce: rarity created by geology. Natural diamonds form over one to three billion years under extreme heat and pressure in the Earth’s mantle, reach the surface through volcanic activity and exist in finite, declining supply. A factory can replicate the material qualities of a natural diamond but cannot replicate its origin story.

This is not a marketing claim. It is a geological and economic fact. The Argyle mine in Western Australia, the world’s primary source of pink diamonds, closed in 2020. Diavik in Canada closed in 2026. Mine closure rates are accelerating as deposits are exhausted and

the economics of new mine development weaken⁴². Natural diamond supply is declining structurally and irreversibly.

It must be stated that the industry cannot at present document the scarcity on which its premium rests. There is no authoritative published estimate of remaining gem-quality natural diamond reserves. The figure most often quoted in the trade, approximately 1.7 billion carats, is the U.S. Geological Survey’s reserve estimate for natural industrial diamond, not gem-quality material. The Survey’s Gemstones chapter, which covers gem diamond, records that no data on reserves is currently available for publishing⁴³.

⁴² U.S. Geological Survey, 2024
⁴³ U.S. Geological Survey, 2024

The strategic task is to make rarity the centrepiece of jewellery demand, not a background claim

The rarity argument set out here is therefore well founded qualitatively but undocumented quantitatively, and this study does not treat the industrial reserve figure as evidence of gem-diamond scarcity.

Closing that gap is a strategic recommendation and belongs within this move, not alongside it. A credible, independently produced estimate of gem-quality reserves and their depletion profile would strengthen this move and the investment tier described in M4 more than any other single addition the industry could make: the rarity proposition and the store-of-value case both rest on a quantity that has yet to be published.

The strategic task is to make rarity the centrepiece of jewellery demand, not a

background claim. Swiss mechanical watches were not saved by arguing that they still told time. They were saved by shifting the conversation towards the uniqueness and irreplaceability of its craft, heritage, complexity and collectability. Natural diamonds need the same shift: from stones that are more expensive to geological events that are finite, traceable and impossible to repeat.

The natural diamond rarity argument is stronger than the mechanical-watch craft argument because it is irreversible. A skilled watchmaker can be trained. A billion-year geological process cannot be accelerated. The industry’s mistake has not been the absence of rarity; it has been the failure to place rarity at the centre of the consumer proposition and to prove it with credible data.

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WHY RARITY MUST PRECEDE THE INVESTMENT TIER

The sequencing of M2 before M4 (the investment tier) is critical. Investment value in any physical asset derives from a prior belief in scarcity. A functioning secondary market cannot be built for an asset that consumers do not first believe is rare and desirable.

The vintage watch market did not emerge because auction houses decided to sell watches. It emerged because decades of consistent repositioning around craft, heritage, and finite production had created a consumer base that believed certain watches would appreciate, and that belief created the demand for a secondary market that then validated the belief.

For natural diamonds, rarity-based jewellery demand must be established first, with the consumer standing in front of a retail case choosing between a natural and a lab-grown stone. Once that consumer reliably chooses natural because of the geological provenance, the formation age, and the verified scarcity of what they are buying, the investment tier can be built on that foundation – and not before.

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
Mechanical watches are repositioned from ‘timepieces that keep inferior time’ to ‘heritage objects whose mechanical complexity is itself the value’. The function that quartz performs better is explicitly separated from the value that mechanical watchmaking offers.	Natural diamonds are repositioned from “diamonds that cost more” to “geological events formed over billions of years, verified by science, and irreversibly finite in supply”. The function of lab-grown diamonds is separated from the value of natural origin stones.
“You never actually own a Patek Philippe. You merely look after it for the next generation.” Ownership is reframed as stewardship of something formed by craft over time, a narrative that creates intergenerational emotional investment unavailable in a quartz watch.	Natural diamond ownership is reframed as stewardship of a geological event, something formed before life existed on Earth, impossible to reproduce, and measurably declining in supply. The formation story, mine origin, and estimated geological age of each stone become primary elements of the consumer proposition, not secondary footnotes.
Value metrics shift from timekeeping accuracy to complications, craftsmanship hours, heritage, and ownership history. The “4Cs” of watchmaking (accuracy, water resistance, power reserve, weight) become irrelevant to the premium proposition.	Value metrics shift from the 4Cs (which can also be applied to lab-grown diamonds), to geological origin, formation age, mine provenance, supply scarcity, and ownership history. The 4Cs become threshold qualifiers for premium natural diamonds rather than the primary determinants of value.

Questions for industry consideration

- What consumer research exists on the degree to which geological rarity, formation age, and mine provenance resonate with different demographic segments – and what communication formats are most effective?
- How is the rarity narrative made credible rather than merely asserted – given that consumers have been exposed to natural diamond marketing for decades and may be sceptical of new framing?
- What is the threshold price differential at which the rarity proposition fails to hold – and does the current 70-90 per cent lab-grown discount exceed that threshold for certain consumer segments?
- How are the geological origin and formation age of individual stones made accessible and verifiable at point of purchase, rather than requiring consumer research before visiting a retailer?

M3

Strategic Move 3: Build the Authentication and Provenance Layer

Rarity only creates value if it can be proved. A consumer may want to believe that a stone formed billions of years ago, came from a specific mine and carries a finite supply story. But belief alone will not support a premium. The industry needs an authentication and provenance layer that turns geological origin from a claim into a verified attribute.

The Swiss watch industry’s authentication infrastructure did not emerge overnight or from a single actor. It developed over decades through a combination of legal protection, industry standards, independent certification, and institutional investment in brand archives.

The industry needs an authentication and provenance layer that turns geological origin from a claim into a verified attribute

The “Swiss Made” legal standard, established in 1971 and progressively strengthened in 1992 and 2017, created the legal framework that made the premium positioning defensible. Without it, any manufacturer could claim Swiss heritage, and the premium would have been eroded by imitation. COSC chronometer certification established the independent quality benchmark that gave “Swiss Made” meaning. Brand archives, serial number databases, and service records created the documentation infrastructure that made secondary market pricing credible.

The natural diamond industry needs equivalent architecture. Geological age, mine-source traceability, ownership history and verified scarcity are attributes that lab-grown stones cannot replicate. To matter commercially, these qualifiers must be standardised, documented, digitised and made available to consumers before the moment of purchase.

The “Swiss Made” ordinance did not create Swiss watchmaking heritage. What it did was convert heritage from a vague cultural claim into a legally protected, independently verified, consumer-accessible attribute that commanded a price premium in every market in the world. The natural diamond industry’s provenance assets are similarly real but similarly unprotected, unstandardised, fragmented and inaccessible. The authentication layer converts existing assets into functioning commercial architecture.

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
“Swiss Made” legal standard: minimum 60 per cent of production cost manufactured in Switzerland, independently audited, legally protected from imitation. Creates a consumer-legible quality signal across all price points.	A “Certified Natural Diamond” standard: legally defined, independently audited, requiring documented mine-of-origin, geological formation evidence, and full custody chain. Consumer-legible at point of purchase, with digital access at point of sale.
COSC (Contrôle Officiel Suisse des Chronomètres): independent chronometric certification giving premium watches a verifiable quality benchmark independent of brand marketing claims.	Unified investment-grade grading tier: a standardised certification above the existing 4Cs that adds geological provenance, formation age classification, mine origin, and supply scarcity rating, enabling price differentiation based on verifiable origin rather than subjective marketing.
Brand archives and serial number tracking: manufacturer records linking every watch to its production date, movement specifications, and service history. Creates the documentation infrastructure that enables secondary market price discovery and forgery prevention.	Digital Product Passports (DPPs): immutable, consumer-accessible records for every natural diamond above a defined threshold, containing mine of origin, geological age, cutting and polishing history, certification data, and ownership record. The technical foundation for both the rarity proposition and the investment tier.

Questions for industry consideration

- What is the minimum provenance data set that makes a meaningful consumer and investor difference, and what data is genuinely unavailable given current supply chain fragmentation?
- How is the certification infrastructure governed to ensure independence from both producers and retailers – the independence that gives COSC its authority?
- What is the appropriate role of existing certification institutions, and what new infrastructure is genuinely required versus what can be built on current foundations?
- How is the system designed so that Digital Product Passports add consumer value at point of purchase rather than becoming a compliance mechanism that jewellers treat as an administrative burden?

M4

Strategic Move 4: Establish the Investment Tier

With rarity re-established as the basis of demand and provenance infrastructure in place, the industry can build an investment tier. This is the move that most clearly separates natural diamonds from lab-grown diamonds in structural terms. A manufactured product with scalable supply can be desirable, however, it cannot easily be a store of value if production can expand whenever prices rise.

The Swiss watch industry’s investment tier did not emerge from marketing. It emerged from the sequential construction of three specific infrastructure layers: standardised certification that gave buyers confidence in authenticity and condition; transparent pricing indices that gave buyers and sellers a shared reference

for fair value; and liquid secondary-market venues that gave investors credible exit routes. Each layer was a precondition for the next. Without certification, pricing indices are meaningless. Without pricing indices, secondary markets cannot establish fair value. Without secondary markets, investment claims are unverifiable.

Natural diamonds currently lack these layers. Certification is fragmented, origin standards remain uneven, pricing data is often opaque and resale outcomes vary widely. In many cases, the secondary market realises only a fraction of the original retail value on resale; this defines a consumption asset, not an investment asset.

Without certification, pricing indices are meaningless. Without pricing indices, secondary markets cannot establish fair value. Without secondary markets, investment claims are unverifiable

Building the investment tier therefore means building the infrastructure first: a credible certification threshold, a transparent price reference and viable resale channels.

It is worth noting a structural difference from watches that makes production discipline in the diamond industry uniquely complex. Swiss watchmakers can choose to produce fewer, higher-value watches, adjusting their output along the quality spectrum. Diamond miners cannot. An ore body must be processed as a whole: a full run-of-mine yields the entire distribution of sizes, colours, and qualities simultaneously.

Supply discipline for natural diamonds is therefore close to binary – in deciding to mine or not – rather than a fine dial on the premium tier. For the investment-grade strategy to succeed, premium natural diamonds must earn enough margin to compensate for weaker returns from the remainder of mine production. Without this, the economics of mining become unsustainable. This is not a problem without a solution, but it is a distinctly different problem from the one the Swiss watch industry faced.

For the investment-grade strategy to succeed, premium natural diamonds must earn enough margin to compensate for weaker returns from the remainder of mine production

THE INVESTMENT THESIS FOR NATURAL DIAMONDS

The investment case for natural diamonds rests on three characteristics that jointly distinguish any genuine store-of-value asset:

- **Genuine but not yet quantified scarcity:** a finite, non-renewable and declining resource set against unlimited lab-grown production capacity, with mine closure rates accelerating as deposits are exhausted. No published estimate of remaining gem-quality reserves seem to exist; producing one is a precondition for this tier rather than an optional refinement (see M2).
- **Verifiable and irreversible origin:** geological formation over 1-3 billion years, documented by independent certification, accessible via digital provenance record – an attribute that appreciates in cultural significance as supply declines.

Lab-grown diamonds do not share these characteristics. They can be produced in large quantities, their origin is a factory process rather than a geological event, and they have depreciated radically in wholesale price between 2018 and 2025. This is the nature of a commodity, not an asset with long-term value.

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
COSC certification establishes an independent quality benchmark, creating a tiered market where certified movements command a verifiable premium. Patek Philippe’s and Rolex’s own certification standards further stratify the premium end.	An investment-grade natural diamond certification tier establishes the threshold for store-of-value positioning. Criteria include minimum size, colour, clarity, verified mine origin, geological age classification, and full DPP documentation. This tier is the primary market for investment demand.
Established second-hand watch trading houses establish transparent, publicly accessible price indices for the secondary market. Price discovery becomes credible, searchable, and investor-legible. The indices attract financial press coverage that reinforces the investment narrative.	A publicly accessible Natural Diamond Price Index, tracking investment-grade natural diamonds by size, quality, and origin, provides the price discovery mechanism that converts the investment thesis from a claim into a verifiable track record. Publicly published, independently administered.
Leading auction houses establish dedicated watch auction sales. These create price anchors for the market, generate financial press coverage, and attract collector and investor attention.	Regular, dedicated natural diamond investment sales at major auction houses will provide price anchors, media visibility, and investor-legible transaction records. Exceptional stones, including large diamonds, rare-coloured diamonds, and diamonds with extraordinary provenance, will serve as flagship assets whose public sales reinforce the investment narrative and support value recognition across the broader natural diamond category.

Questions for industry consideration

- What threshold of investment-grade certification criteria creates a genuinely differentiated tier without setting the bar so high that supply is too thin to support a functioning market?
- What institutional form should a natural diamond price index take, and what data sources, publication frequency, and governance structure would give it the market credibility of the Rapaport Report but with the public accessibility of Chrono24?
- How is the transition from 30-50 per cent secondary market realisation to investment-grade appreciation managed? What infrastructure investments are required before the first auction sale can credibly be positioned as investment rather than jewellery?
- How does the run-of-mine production constraint affect the economics of investing in investment-tier infrastructure, and what production or pricing agreements would make that investment viable across the range of natural diamond producers?

M5

Strategic Move 5: Govern Collectively and Prevent Free-Riding

Every major move described in this strategy requires collective industry action. If one producer or retailer acts alone, it risks jeopardising an already fragmented market.

The free-rider problem in the natural diamond industry is not hypothetical. De Beers’ Desert diamonds campaign, launched on 6 October 2025 , its largest category marketing investment in more than 10 years, succeeded in stimulating demand for warm-coloured stones and drawing consumer attention to natural diamond differentiation.

Brown and champagne colours, however, are trivially replicable by lab-grown producers who had little commercial incentive to serve

this market before De Beers created it. A successful single-producer demand-creation investment in an unprotected category risks subsidising lab-grown producers who capture the upside without funding the creation.

The Swiss watch industry solved this structurally. The ASUAG/SSIH merger created SMH, later Swatch Group, and gave industry disruption a governable platform. The natural diamond industry cannot replicate that model through consolidation, but it can build governance around the decisions that must be collective such as category standards, provenance infrastructure, certification thresholds, price-index administration and shared investment commitments.

A successful single-producer demand-creation investment in an unprotected category risks subsidising lab-grown producers who capture the upside without funding the creation

Coordination does not require merger. It requires binding commitments, enforcement mechanisms, and a governance structure with sufficient authority to act on behalf of the collective. The Diamond Collective (formerly the Natural Diamond Council) and the Luanda Accord represent the existing foundations of such a structure. The question is not whether to coordinate but what decisions that coordination needs to cover, with what authority, and with what enforcement. These are questions the industry has not yet formally answered.

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
ASUAG/SSIH merger creates SMH, joining Switzerland’s two largest watch conglomerates. Hayek’s transformation strategy is executed at scale because it is governed, not merely proposed.	Industry coordination architecture: binding commitments across producers representing a critical mass of supply, covering the specific decisions that require collective action - commodity tier cession, investment in shared authentication infrastructure, minimum participation thresholds for price index and secondary market development.
“Swiss Made” ordinance is a legal instrument, not a voluntary standard. It can be enforced against free-riders. The legal protection of the standard is what prevents the premium from being diluted by imitation.	A “Certified Natural Diamond” standard requires legal protection analogous to “Swiss Made”, otherwise a producer who does not invest in provenance infrastructure can sell non-certified natural diamonds at the same price premium as those who do, destroying the incentive to invest.
Hayek’s study and the subsequent SMH governance structure separate two distinct functions: the decisions that must be collective (production discipline, marketing investment, brand architecture) from those that remain competitive (individual brand positioning, design, retail strategy). The governance structure covers the former without eliminating the latter.	Governance design must distinguish between decisions requiring collective coordination (provenance standards, price index administration, investment tier certification thresholds, collective marketing investment levels) and those that remain appropriately competitive (individual brand strategy, retail relationships, specific product development).

Questions for industry consideration

- What decisions genuinely require collective governance, and what can be achieved through voluntary coordination without binding authority?
- How is the geopolitical constraint – Russian supply excluded from G7 market coordination – incorporated into a governance model that covers a majority of supply without claiming to represent the whole industry?
- What enforcement mechanisms prevent free-riding on collective investments in provenance infrastructure, the price index, and investment-tier certification?
- How is the governance architecture designed to be consistent with competition law across the jurisdictions in which producers, cutters, and retailers operate?

M6

Strategic Move 6: Own Sustainability as a Social Impact Story

The sustainability narrative is the most common counterargument deployed against natural diamond premium positioning, and it is where the industry’s current response is weakest. Lab-grown diamond marketing is consistently positioned as the environmentally responsible choice: above-ground, conflict-free, and traceable.

The natural diamond industry’s response has been largely defensive: acknowledging

mining’s environmental footprint while pointing to certification standards and improvement programmes. The sustainability argument for natural diamonds is not an environmental argument. Mining involves large-scale earth movement and has a material footprint that cannot be eliminated. The sustainability argument is a social and economic development argument that lab-grown diamonds structurally cannot match.

The sustainability argument for natural diamonds is not an environmental argument. It is a social and economic development argument that lab-grown diamonds cannot match.

Natural diamond mining is the primary economic activity of several developing nations. In Botswana, diamonds contribute approximately 80 per cent of export revenues and have directly funded the country’s transformation from one of the world’s poorest nations at independence in 1966 into an upper-middle-income economy anchored by sovereign wealth funds.

Lab-grown diamonds are manufactured in factories with no community development mandate, no sovereign partnership model, and no verifiable social impact below the factory gate. The sustainability narrative the industry needs to own is “we fund the development of nations, and that social contract is part of what you buy when you buy a natural diamond”.

Swiss watchmakers won the sustainability argument by building circularity into their value proposition: vintage watches are highly sustainable luxury assets, because they are designed to last generations, be repaired rather than replaced, and appreciate rather than depreciate. The natural diamond equivalent of circularity is intergenerational ownership, a stone that passes from one generation to the next, carrying its geological and human provenance with it.

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
Circularity as a brand attribute: vintage watches are positioned as the sustainable luxury choice. The secondary market, already being built for investment reasons, simultaneously becomes a sustainability argument. Owning and caring for a heritage object is explicitly more sustainable than buying new.	Intergenerational ownership as a sustainability proposition: a natural diamond acquired today, held across generations, and transferred with its full provenance record is the opposite of disposable consumer goods. The investment tier infrastructure built in M4 makes this proposition legible and credible.
Swiss luxury brands use third-party certification of sourcing practices to neutralise the conflict minerals critique. Certification shifts the conversation from “are you ethical?” to “here is the verified evidence”.	Verified community impact at mine level: third-party certification of community investment, employment, and development outcomes at specific mines converts an abstract CSR claim into a verifiable attribute accessible via the Digital Product Passport infrastructure. The sustainability story is specific, located, and evidenced, not a general industry claim.
Some of Switzerland’s top watch brands’ environmental commitments frame sustainability as a brand value rather than a compliance burden. Premium positioning and sustainability leadership are presented as complementary rather than competing.	The social development narrative strengthens the provenance proposition: a natural diamond from a specific producing country or mine represents not only a rare geological asset, but also participation in a development model that has delivered tangible economic and social benefits. The sustainability argument becomes an amplifier of the core value proposition, not a separate defensive communication.

Questions for industry consideration

- What community development and economic impact data exists at the mine level, and what is required to make it verifiable, accessible, and compelling to a consumer or investor at point of purchase?
- How is the environmental footprint of mining honestly communicated alongside the social impact story, given that consumers and institutional investors increasingly require both dimensions?
- What is the appropriate comparison between the lifecycle social and environmental impact of natural diamonds versus lab-grown diamonds, and does credible independent lifecycle analysis exist or need to be commissioned?
- How does intergenerational ownership and circularity become a consumer-facing proposition rather than a theoretical sustainability argument?

M7

Strategic Move 7: Build Experiential Conviction at Scale

The rarity proposition, investment thesis and social impact narrative will only create value if they are understood and internalised by consumers and investors, rather than merely presented to them.

Consumers and collectors with a deep, experiential connection to the origin story of a natural diamond are categorically different from those who have encountered it through advertising. The Swiss watch industry’s recovery was supported, in part, by immersive experiences such as the Patek Philippe manufacture in Geneva and the Musée Atelier Audemars Piguet in Le Brassus, which helped build a deeper appreciation of craftsmanship,

heritage and scarcity. Collectors who understand the provenance and expertise behind a high-end Swiss mechanical watch do not compare its value with that of a quartz alternative. It is assessed through a fundamentally different lens.

Natural diamonds have an experiential story that, in some respects, is more profound than anything Swiss watchmaking can offer. The geological formation of a natural diamond is a three-billion-year process that occurs under extreme heat and pressure in the Earth’s mantle. The kimberlite eruption that brings diamonds to the surface is one of Earth’s most violent geological events. The discovery

Natural diamonds have an experiential story that, in some respects, is more profound than anything Swiss watchmaking can offer

of a diamond in a mine by workers whose community has been transformed by the revenues the diamond generates is a human story of extraordinary depth. None of that story is currently accessible to consumers.

The strategic move is to build the experiential infrastructure that makes these stories accessible at scale, not just to the small number of consumers who can visit mines or museums, but to consumers who encounter a natural diamond at the point of purchase or

ownership. The Digital Product Passport, described in M3 as an authentication tool, is also the primary scalable delivery mechanism for this experiential content. A consumer who accesses information about their stones and encounters a verified geological age, a satellite image of the mine it came from, a narrative about the community that mine supports, and a film of the eruption zone where their diamond was formed has had an experience no lab-grown diamond can offer.

The Fondation de la Haute Horlogerie, Watches & Wonders Geneva, the Omega Museum, the Musée Atelier Audemars Piguet and the individual manufacture experiences of Patek Philippe and A. Lange & Söhne are not simply marketing expenses. They are conviction infrastructure: the environments in which the watch industry creates its next generation of collectors. The natural diamond industry needs equivalent conviction infrastructure – physical, digital, and retail – that creates the same depth of experiential connection to geological origin.

The Swiss Parallel

Swiss Watch Move	Natural Diamond Equivalent
Manufacture visits: Patek Philippe Geneva Salons, A. Lange & Söhne Glashütte, Audemars Piguet Le Brassus. Consumers who visit a manufacture are transformed from buyers into advocates. The experience is deliberately curated to create irreversible conviction.	Mine and origin experiences: physical and above all virtual access to the geological and human story at source. Mine tourism is logistically constrained, but virtual reality geological journey experiences at point of sale – verified by the DPP and specific to the stone being purchased – scale the conviction infrastructure to every retail encounter.
Heritage museums and cultural institutions: Patek Philippe Museum, Omega Museum, Audemars Piguet Musée Atelier. These institutions build cultural legitimacy, attract media and collector attention, and create physical embodiments of the category’s depth.	Natural diamond heritage platforms: institutional and digital environments that tell the geological, historical, and human story of natural diamonds – from the ancient diamond trade routes of India and Arabia to contemporary producing nation development narratives. These platforms position natural diamonds in a cultural context that manufactured alternatives cannot access.
Watches & Wonders Geneva and Grand Prix d’Horlogerie de Genève: industry-wide events that command global media coverage, attract a new generation of collector interest, and reinforce the category’s cultural significance annually.	The Dubai Diamond Conference and equivalent global industry events function as the natural diamond industry’s Watches & Wonders, but require the same deliberate orientation toward collector, investor, and cultural audiences rather than trade audiences alone, if they are to perform the equivalent conviction-building function.

Questions for industry consideration

- What experiential formats are both scalable and credible, reaching mass market consumers at point of purchase while maintaining the authenticity that makes the experience conviction-building rather than marketing?
- How is geological and human origin storytelling standardised across the industry without becoming generic – given that the power of the Swiss manufacture experience lies in its specificity and authenticity?
- What is the appropriate investment level for conviction infrastructure at the industry level, and how is that investment governed so that individual retailers who benefit from the conviction-building do not free-ride on its costs?
- How does the experiential proposition evolve as the Digital Product Passport becomes the primary consumer touchpoint, and what content and format standards ensure that the DPP delivers conviction rather than compliance?

The Seven Moves and Need for Collective Action

The seven moves are designed to work collectively and in sequence. Each creates the conditions for the next, moving from the fundamental reset of the natural diamond proposition through to the mechanisms needed to strengthen and sustain it. Implemented in isolation, their impact will be limited. Delivered together, they provide a coherent pathway for rebuilding demand, reinforcing value and establishing a more resilient natural diamond market.

THE LIGHTBOX LESSON: DIRECTIONALLY CORRECT, STRUCTURALLY INSUFFICIENT

De Beers’ Lightbox strategy, launched in 2018, was the most significant strategic move in the natural diamond industry’s response to the lab-grown diamond disruption. Its core instinct, to bifurcate the market by anchoring lab-grown at a visible low price point, was directionally correct and anticipated the logic of M1 in this framework. However, it failed to produce its intended outcome for three reasons that show why the seven moves must be delivered together:

- 1. It was executed by a single producer without industry-wide coordination. An M5 failure that allowed other producers to continue premium-positioning their natural diamonds alongside De Beers’ explicit commodity-tier signal.
- 2. It was not accompanied by the authentication and provenance investment (M3) that would have made the natural diamond premium position verifiable. Leaving consumers without a credible reason to pay the premium above the Lightbox anchor.
- 3. It was sub-scale: the marketing investment needed to establish a decisive bifurcation in consumer perception was not committed.

The lesson is not that bifurcation fails. It is that individual moves executed in isolation, without the governance infrastructure to coordinate them and the authentication infrastructure to make them credible, produce market confusion rather than market transformation. This is why the seven moves should be understood as a system.

THE COLLECTIVE REQUIREMENT

Comprehensive transformation requires four conditions:

- 1. **Industry-wide participation above a critical mass threshold:** partial participation produces fragmentation that undermines collective investments.
- 2. **Coordinated investment of annual revenues over a multi-year horizon:** the Swiss transformation took seven years from 1983 to 1990 to achieve stabilisation, with consistent investment throughout.
- 3. **Sequenced execution rather than simultaneous deployment:** building the rarity proposition before the investment tier, and building the investment tier before claiming investment returns.
- 4. **Governance with sufficient authority to enforce commitments and prevent free-riding:** voluntary coordination has not been sufficient at any point in the Swiss watch parallel, and there is no reason to expect it to be sufficient here.

The Swiss Parallel confirms that coordinated transformation of this kind can work in practice. However, precedent does not promise success: implementation depends on collective will, strategic alignment, and the courage to accept the losses that are the precondition for the gains.

06

DISCUSSION FRAMEWORK

This study shows that the disruption faced by the natural diamond industry is following a pattern the Swiss watch industry has already lived through, but at a faster pace. The Swiss precedent does not provide a ready-made plan. It provides something more useful: a disciplined way to frame the decisions now facing the industry. The questions below are intended to move the discussion from diagnosis to execution.

6.1

Coordination and Governance

- What governance structure balances collective coordination, producer sovereignty, and competition?
- Can existing organisations (The Diamond Collective, Luanda Accord) be strengthened to provide the necessary authority, or are new mechanisms required?
- How can coordinated action be achieved across competitive jurisdictions with differing national interests?
- What enforcement mechanisms ensure participant compliance while adhering to antitrust and competition laws?
- How are free-rider problems prevented?

6.2

Timeline and Strategic Window

- How can a 12-24 month window be used to start transformation when full implementation takes longer?
- What minimum viable transformation achieves competitive stability versus optimal execution that maximises recovery?
- Which strategic imperatives are essential (must be executed immediately) versus those that can be phased in?
- How can urgency be communicated without causing panic or defensive reactions from producers?
- What happens if the industry fails to coordinate within the strategic window? Is delayed transformation still feasible?

6.3

Investment and Economic Viability

The Swiss watch industry invested through the crisis rather than waiting for recovery before acting. Between 1983 and 1990, coordinated investment underpinned the shift from volume defence to value creation⁴⁵. The natural diamond industry now faces the same uncomfortable requirement: transformation capital must be committed while revenues are under pressure, not once conditions improve.

The scale gap in demand creation is instructive. The Swiss recovery was

explicitly marketing-led: Hayek put brand-building ahead of production. Modern luxury watchmakers still devote significant resources to desirability, storytelling and collector infrastructure. By contrast, The Diamond Collective’s category marketing budget of approximately \$55-70 million sits against a global diamond-jewellery market measured in the tens of billions of dollars, well below one-tenth of one percent of category value⁴⁶. The question now is whether the industry is prepared to spend at a scale proportionate to the threat.

- What is the total investment required for transformation, and how is it allocated across infrastructure, marketing, digital innovation, sustainability, and coordination?
- Who will drive and coordinate change?
- What funding sources are viable: producer contributions, retail co-funding, government support, or operational efficiency gains?
- How is the investment burden distributed among producers of different scales (De Beers versus mid-tier)?
- What ROI timeline justifies transformation investments to shareholders under quarterly performance pressure?
- How can producers finance transformation during revenue decline without causing financial distress?

⁴⁵ Donzé, 2011
⁴⁶ Gem & Jewelry Export Promotion Council, n.d.

6.4

Value Proposition and Market Positioning

- Which differentiation strategies – provenance, investment-grade status, sustainability leadership, heritage luxury, experiential engagement – provide sustainable competitive advantage?
- Can the industry maintain its premium status if lab-grown prices keep falling? At what price difference does the value proposition break down?
- Which consumer segments are addressable, and what scale do they represent?
- How can expanded value metrics (beyond 4Cs) be communicated without seeming defensive?
- What role does emotional and cultural positioning (“heirloom”, “rare-earth treasure”, “investment asset”) play versus rational justification?

6.5

Scenario Selection and Industry Response Velocity

Section 4.1 presents three possible outcomes. The issue now is not which scenario the industry prefers; it is which scenario current behaviour is making more likely. Response velocity, coordination quality and investment scale will determine whether natural diamonds follow the Swiss-style recovery path, settle into partial recovery or move toward irreversible displacement.

- What industry response speed leads to Scenario A, B, or C outcomes? Who will drive and coordinate?
- Is Scenario A feasible given current fragmentation, or does a realistic assessment suggest Scenario B as the best possible outcome?
- What specific actions differentiate Scenario A from Scenario B – coordination effectiveness, investment scale, timeline compression, or strategic choices?
- At what point does delayed response make Scenario C inevitable?
- How can the industry, and those within it, monitor progress toward scenarios in real time, enabling mid-course correction?

07 CONCLUSIONS

This study points to three core findings. Together, they define the choice now facing the natural diamond industry: coordinated transformation while the window remains open, or unmanaged decline into a much smaller premium niche.

Finding 1: The majority threshold is not arbitrary

The crisis that hit the Swiss watch industry did not become irreversible when quartz technology first appeared. It became irreversible when quartz crossed from alternative product to market norm. Japanese watch exports surged through the 1970s, surpassed Swiss exports by 1981 and outgrew them threefold by 1985⁴⁷. Swiss watch exports fell from their 1974 peak of 84.4 million units to roughly half that level by the early 1980s, while the industry lost more than 60 per cent of its workforce and manufacturing firms between 1970 and 1983⁴⁸.

The jewellery sector has now reached a comparable point. Lab-grown diamonds crossed 50 per cent of the U.S. engagement-ring market in 2024 and exceeded 60 per cent in 2025, with two-thirds of Gen Z purchasers choosing lab-grown stones. The majority threshold matters because it changes the incentives of retailers, the assumptions of consumers and the language of the category. Once that happens, the incumbent cannot rely on habit to defend its position.

FINDING 1 IMPLICATION

The crossing of the majority threshold marks the shift from competitive pressure to strategic crisis. The natural diamond industry is not facing a marketing challenge. It is entering the phase in which coordinated action determines whether recovery remains possible.

⁴⁷ Twinam, 2022
⁴⁸ Donzé, 2011; Raffaelli, 2018

Finding 2: Timeline compression is closing the window faster

The Swiss watch industry took close to a decade to lose market dominance. Lab-grown diamonds have crossed the equivalent majority threshold in roughly five years, accelerated by digital commerce, social media, price transparency and scalable production. Adoption is not just repeating the quartz pattern; it is compressing it.

begins in 2026-2027, but delay would push the industry toward prolonged partial recovery or irreversible displacement. The strategic window is therefore not a rhetorical device. It is a function of demographics: Generation Alpha's engagement and luxury preferences are forming regardless of whether the industry is ready.

The Swiss watch crisis-to-recovery cycle lasted in total 21 years. The natural diamond cycle could be shorter if transformation

Table 8

Key Indicators of Accelerated Disruption in Natural Diamonds⁴⁹

~50% Faster to majority threshold lab-grown vs. quartz	~43% Shorter full crisis cycle 12 vs. 21 years	12-24 Strategic window (months, 2026-2027)	2025 Two-thirds of Gen Z purchasers chose lab-grown
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The 12-24-month window from 2026-2027 is not presented as a recommendation but as an analytical finding derived from the study's assumptions about Generation Alpha's future engagement-preference formation.

⁴⁹ Based on estimate calculations

Finding 3: Irreplicable advantages requiring infrastructure

The Swiss watch industry recovered because it built infrastructure around the advantages quartz could not replicate: heritage, mechanical complexity, craft and collectability. Those advantages became economically powerful only once they were supported by legal protection, independent certification, brand archives, secondary markets and pricing references.

- “Swiss Made” legal protection preventing counterfeit heritage association.
- COSC certification and brand archives offering independent authentication.
- Auction houses, online platforms, and dealer networks creating liquid secondary markets.
- Transparent pricing indices enabling performance tracking and investment evaluation.

Natural diamonds have equivalent advantages, but they are not yet organised into a functioning value system:

- Geological formation spanning 1-3 billion years versus hours or days of reactor time.
- Provenance traceable to specific mines, locations, and geological events.
- Finite and declining supply: a non-renewable resource with accelerating mine closures, although remaining gem-quality reserves are not authoritatively quantified (see M2).
- Cultural heritage, historical significance, and heirloom value.

Those attributes remain under-leveraged because the supporting infrastructure is incomplete:

- Provenance verification fragmented across incompatible platforms.
- No transparent public pricing indices enabling investment evaluation.
- Secondary markets illiquid.
- Scarcity undocumented: no authoritative reserves data, no depletion forecasting.
- Value metrics confined to 4Cs where lab-grown achieves parity.

FINDING 3 IMPLICATION

The lesson from Switzerland is that irreplicable advantages do not monetise themselves. They must be protected, verified, priced and experienced. Without that infrastructure, rarity remains a claim. With it, rarity can become the basis of a premium market.

References and Further Reading

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Appendix A: Data Sources and Methodology

This appendix provides sourcing for key data points cited in this comparative industry study.

CLASSIFICATION SYSTEM

HIGH CONFIDENCE – official statistics (FH, KPCS), peer-reviewed academic sources (Donzé, Landes), audited company financials (De Beers, ALROSA), large-sample surveys (The Knot, more than 10,000 couples).

MEDIUM CONFIDENCE – industry reports with disclosed methodology, retail pricing surveys (geographic and temporal variation), market-share estimates in less-tracked markets.

STRATEGIC PROJECTIONS – recovery timelines, volume / value targets, funding requirements, and carbon-reduction targets – based on Swiss analogy and strategic modelling, not empirical data.

A.1 Swiss watch industry data

- **Employment collapse: -64% (90,000 → 32,000, 1970-1983)**
Classification: HIGH CONFIDENCE
Source: Donzé (2011, pp. 129, 145)
Calculation: Percentage decline calculated by the authors
- **Firm elimination: -63% (-1,600 → -600, 1970-1983)**
Classification: HIGH CONFIDENCE
Source: Donzé (2011, pp. 129, 145)
Calculation: Percentage decline calculated by the authors
- **Market share: -55% → below 30% (1970 to early 1980s)**
Classification: HIGH CONFIDENCE
Source: Donzé (2011, pp. 129, 145)
- **Export recovery: CHF 26.7 billion (2023), +857% on the CHF 2.79 billion 1980 base**
Classification: HIGH CONFIDENCE
Source: FH (2024) for the 2023 export figure; Donzé (2011) for the CHF 2.79 billion 1980 base
Calculation: $(26.7 - 2.79) / 2.79 = \text{approximately } +857\%$

A.2 Natural diamond industry data

- **Lab-grown diamond market share: 61% of U.S. engagement rings (2025)**
Classification: HIGH CONFIDENCE
Primary: The Knot Research & Insights Team. (2026).
- **Gen Z purchasers: two-thirds choosing lab-grown**
Classification: HIGH CONFIDENCE
Primary: BriteCo. (2025, November).
- **Price differential: 76% gap (1ct: lab-grown diamond \$1,000 or lower vs. natural \$4,200) in 2025**
Classification: MEDIUM-HIGH CONFIDENCE
Primary: BriteCo. (2025, November).
Specifications: 1.00ct, data from 01/03/2019 through 31/05/2025. Calculation: $(\$4,200 - \$1,000) / \$4,200 = 76.1\%$ gap.
Note: Retail pricing varies by retailer, region, and certification. Figures represent market averages from multi-retailer surveys.
- **De Beers revenue: -43% decline from peak**
Classification: HIGH CONFIDENCE
Primary: De Beers Group, Anglo American (2020-2024).
Revenue: \$3.5 billion (FY2025) vs. \$3.3 billion (FY2024) vs. \$4.3 billion (FY2023) vs. approximately \$6.1 billion peak (2018).
Calculation: $(\$6.1\text{bn} - \$3.5\text{bn}) / \$6.1\text{bn} = \text{approximately } -43\%$ from peak.

A.3 Disruption timeline data

- **Time to 50%: quartz approximately 10 years vs. lab-grown diamond 5 years**
Classification: HIGH CONFIDENCE
Quartz: approximately 10 years (1960s-1970s).
Lab-grown diamond in U.S. market: 2019 (approximately 12%) → 2024 (52%) = 5 years; reached 61% by 2025.
Source: The Knot studies 2019-2026. Calculation: $(10 - 5) / 10 = 50\%$ faster to the 50% threshold.
- **Total cycle: approximately 43% shorter (Swiss -21 years vs. diamond projected -12 years)**
Classification: MIXED – historical HIGH / projection MEDIUM
Swiss: approximately 21 years (1969 crisis → 1990 recovery stabilisation)
Diamond: projected approximately 12 years (2019 → 2031 if transformation executed). Calculation: $(21 - 12) / 21 = \text{approximately } 43\%$ shorter.
Source: Donzé (2011, pp. 120, 129)
Note: Diamond recovery timeline is a PROJECTION, not empirical data.

A.4 Hayek transformation data

- **Hayek strategic framework (1983)**
Classification: HIGH CONFIDENCE
Primary: Taylor (1993).
Key insights: “Wedding cake” segmentation -- 450 million units \$0-75 (Swiss 0%), 42 million units \$75-400 (Swiss 3%), 8 million units \$400+ (Swiss 97%).
SMH merger: Documented in Donzé (2011).
Note: The original “Hayek Study” report (1982-83) was never publicly released. Documentation comes from the HBR interview and public statements.

A.5 Strategic recommendation targets

- **Marketing and coordination spend**
Classification: STRATEGIC PROJECTION
Rationale: Based on Swiss collective marketing benchmark.
Industry coordination spend: supports approximately \$200 million in marketing spend.
- **Volume / value target: 20-30% volume, 60-70% value**
Classification: STRATEGIC PROJECTION
Modelled on: Swiss achievement of less than 5% units (Donzé, 2011, page 144) and more than 50% value (FH data; Heepmann, 2024).
Adjusted for: diamond market specifics, commodity nature of smaller stones. These are the Scenario A values in section 4.1; the Scenario B and Scenario C values in Table 7 carry the same classification.
- **Swiss transformation investment: 15-20% of annual revenue**
Classification: STRATEGIC PROJECTION – assumption, not a verified figure.
The estimate that the Swiss watch industry absorbed 15-20% of annual revenue in coordinated investment between 1983 and 1990 is carried forward from earlier drafts of this study, attributed to Donzé (2011). The authors have not verified it at page level and it should be treated as an assumption. It is used in section 4.1, which applies the lower end of the range to a 2025 production value of approximately \$12 billion to derive an equivalent of roughly \$1.8 billion a year.

A.6 Global production data

- **Global rough diamonds (2023)**
Classification: HIGH CONFIDENCE
Primary: Kimberley Process 2023.
Top by volume: Russia 33.3%, Botswana 22.4%, Canada 14.3%.
Top by value: Russia 28.0%, Botswana 25.5%, Canada 12.0%.

A.7 Data quality and methodology

- **Proprietary data limitations**
Rapaport Diamond Index: full historical series paywalled; the study uses publicly available year-end summaries.
IDEX Diamond Index: similar proprietary structure.
Retailer margins: category-specific data not publicly disclosed; Signet used as bellwether.
- **Cross-verification**
Key figures (61% lab-grown diamond share, Swiss employment / firm data, CHF 26.7 billion exports) verified across multiple independent sources.

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