

How many of you have parents who are married?

How many have wedding rings?

How many have wedding rings w/diamonds?

This article is how this tradition came about. One of most effective marketing campaigns in history.

Until late 1800s, diamonds are scarce and v. popular with wealthy because they're scarce. They're rare. But then what happens in 1870?

Piles and piles of diamonds discovered in South Africa.

Why would this be a problem for diamond investors? If they were selling oil, they'd be ecstatic. What's the difference between diamonds and oil?

Diamonds have little intrinsic value; their price depends almost entirely on scarcity.

How does scarcity affect something's value? How does demand? Any of you use Ebay?

Anybody know the law of supply and demand?

The greater the supply (the less scarce), the cheaper the product

The greater the demand, the more expensive

So what did British investors decide to do?

buy out the companies that discovered diamonds in Africa so they can control—monopolize the market.

Only way to limit the supply if you own everything (monopoly)

What's a cartel?

Group of businesses (in this case, can also be governments) make an agreement; price-fixing, marketing agreement....often secret.

What's a monopoly?

What's the problem with monopolies?

Why did British diamond investors get together and form a cartel (De Beers)? Why did they want to be a monopoly?

Keep down supply. and keep prices' stable. If supply increased, prices would have fallen.

To encourage illusion that diamonds are valuable, "forever."

What were images of diamonds before DeBeers advertising/marketing campaign?

Luxury items, only for wealthy. People bought engagement rings but not necessarily diamonds.

What is DeBeers popular advg slogan? “A Diamond is forever” campaign.

How did they popularize this idea?

- * give to movie stars and Royal Family; incorporated diamonds into movie plots when it came to engagement, marriage.
- * Place fake news stories
- * Ads with elite art: picasso, dali, etc.
- * 1947: organized lectures; emphasized strengthening tradition of diamond engagement ring
- * Commissioned series of “engaged socialites”

Why pitch diamonds as “forever”?

Link diamonds with expressions of love (which helped prevent re-selling)

Did DeBeers meet with any resistance?

Yes, from nonconformists and from poor, who don't want to spend on their money on a diamond. DeBeers fought resistance with more publicity, aimed to make diamonds the only acceptable, recognized symbol of betrothal.

- Not getting a diamond ring is like not having sex on yr wedding night. If you don't do it, there's something wrong with you.

“A diamond is forever” was remarkably success for DeBeers early on. But why would associating diamonds with “eternity” later cause a problem for DeBeers?

Ultimately they saturated the US market; DeBeers wants repeat purchases. So: new campaign positioning diamonds as “the only appropriate gift for later-in-life occasions where sentiment is to be expressed.”

What happened in Japan?

- * advg emphasized modern western values (clothes, women playing sports)
- * within 14 years, 1500 year tradition had been radically revised

Prior to the 1960s, which of the diamond's qualities did DeBeer's emphasize in its campaigns:

First, size: the bigger the diamond, the more the love.

What happened in the 1960s (with the Soviets)?

Millions more diamonds discovered. So De Beers bought the Soviets out.

How were their diamonds different?

Much smaller

So how did that effect De Beers advertising?

Started emphasizing quality over quantity.

What happens if you want to sell an expensive diamond?

Most stores will reject you because they'd have to offer very low price.

If you're a thief, which would you rather steal: \$2,000 in diamonds or \$2,000 in gold.

Gold. Because you can't sell diamonds for much.