



The Advertiser's Guide to the Changing Jewelry Consumer



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INTRODUCTION

We are in the midst of a disruption, but we're just beginning to understand what it means for luxury consumers and the brands that market to them.

For decades, the luxury jewelry category was led by sales made in brick-and-mortar stores in malls and in shopping centers. Today, luxury brands are beginning to find their place online in the wake of shifting consumer behavior.

New e-commerce platform solutions, virtual try-on technologies, and try before you buy programs now give consumers new options for researching and making luxury purchases. However, with just over 10% of luxury jewelry purchases in the US made online in 2019 and murky data on high-intent customers, it's clear that brands are still grappling with activating luxury audiences online.

To better understand the discerning luxury jewelry and watch audience, we turned to our data analytics and strategy teams. What we found is that COVID-19 is a likely catalyst for changing consumer behavior at a faster rate than we had expected coming into 2020. And, not surprisingly, younger generations of consumers are leading the way.

In this report, we'll dive into trends we've been seeing across the category prior to and during the COVID-19 outbreak. We'll share to what extent consumers are making or delaying jewelry and watch purchases and present the imperative for advertisers who want to make their mark on the largest channel for customer acquisition - digital.

19%

of luxury sales, including jewelry, are expected to happen online by 2025.

Source: Euromonitor; Forrester



KEY INSIGHTS



\$82.5 billion

Total of US jewelry and watch sales in 2018.

Sources: [Edahn Golan](#)



\$647

Average annual expenditure on luxury jewelry.

Sources: [Statista](#)



93%

of consumers prefer to shop for jewelry in-store.

Sources: [JCK](#)



68%

of millennials follow luxury brand on social media.

Sources: [Luxury Daily](#)

KEY INSIGHTS

Brands with the highest web traffic:



BRILLIANT EARTH

ZALES
THE DIAMOND STORE®
SINCE 1924

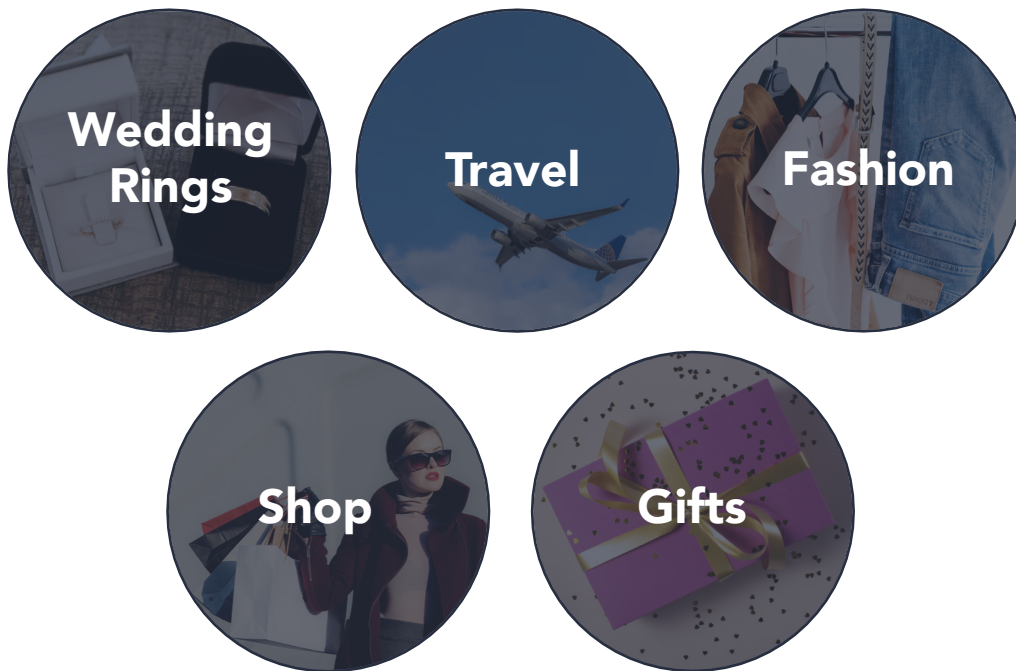
KAY
JEWELERS

PANDORA

jtv
jewelrylove

Source: Google

Top shared audience interests for US consumers visiting top jewelry sites include:



Wedding Rings

Travel

Fashion

Shop

Gifts

Source: Google

In 2018, 20% of the entire category's sales were generated by the combined online sales of:



RICHLINE GROUP

SIGNET
JEWELERS

Source: Google

THE IMPACT OF SEASONALITY

Seasons are a major driving force in luxury, especially for calendar holidays like Christmas, Valentine's Day, and Mother's Day. And while these holidays won't disappear from sales cycle calendars, the idea of "sales seasons" as the primary driving force behind the category's growth is changing. Today, over half of luxury jewelry purchases are made by women - many of them made outside of the calendar holidays. While not the only factor, this shift in who is buying jewelry and when has contributed to an 1.37% jump in US jewelry sales in 2019.

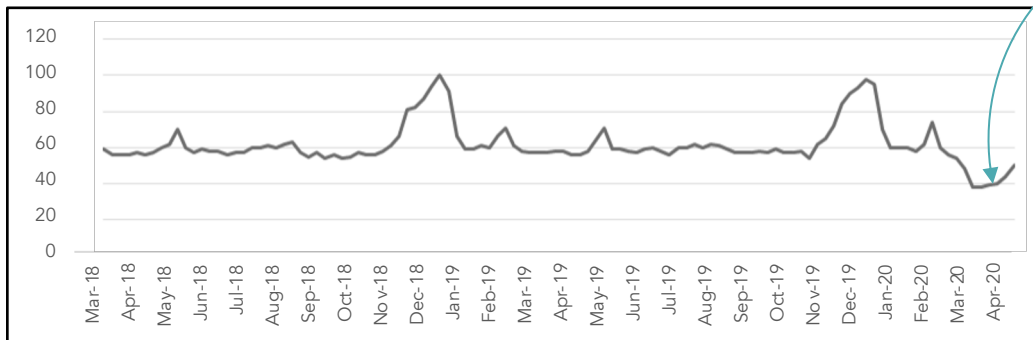
On the following pages you can find a snapshot of peak luxury jewelry shopping seasons we expect to see year over year and the outliers on consumer behavior that may result from COVID-19.



Luxury Jewelry Shoppers Do Their Research Long Before Seasonal Peaks

We found that seasonal spend sprees don't stem from impulse purchases. Research for luxury jewelry purchases begins months in advance.

**Search Interest for "Jewelry" Keyword
March 2019 - April 2020**



Source: Google

Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term.

QUICK STAT

The volume of "jewelry" searches hit a two year on April 4, 2020 with a 24% decrease in search volume when compared to the same date 2018 and 2019. The search term is expected to tip up but may not hit the search volume of previous years.

Seasonal Spending Sustains Growth

Since 2017, luxury jewelry spend has grown by 7.2%. This growth results most predominantly from boosted sales in the month of December and a small but notable uptick (.6%) in sales outside of the peak spending months of February, May, and December.

**Monthly retail sales of jewelry stores in the US
2017 to 2020 (in million U.S. dollars)**



Source: Statista



Off-peak spending creates an opportunity for accelerated growth.

59% of female jewelry consumers in the US said they have made a jewelry purchase "just because."

AUDIENCE ANALYSIS

The luxury jewelry category is expected to continue to grow by 0.5-1.2% in the next few years. Who's expected to drive this growth? The answer to this question is complex. Growth can't be pinned to a single audience, however when you look at year-over-year trends and the behavior of today's high-intent audiences a clearer answer comes into view.

One way to answer "who's expected to drive growth" is to divide it into three simpler questions.

1. Who has been buying my product?
2. What triggered the purchase of my product?
3. Where can I reach them?

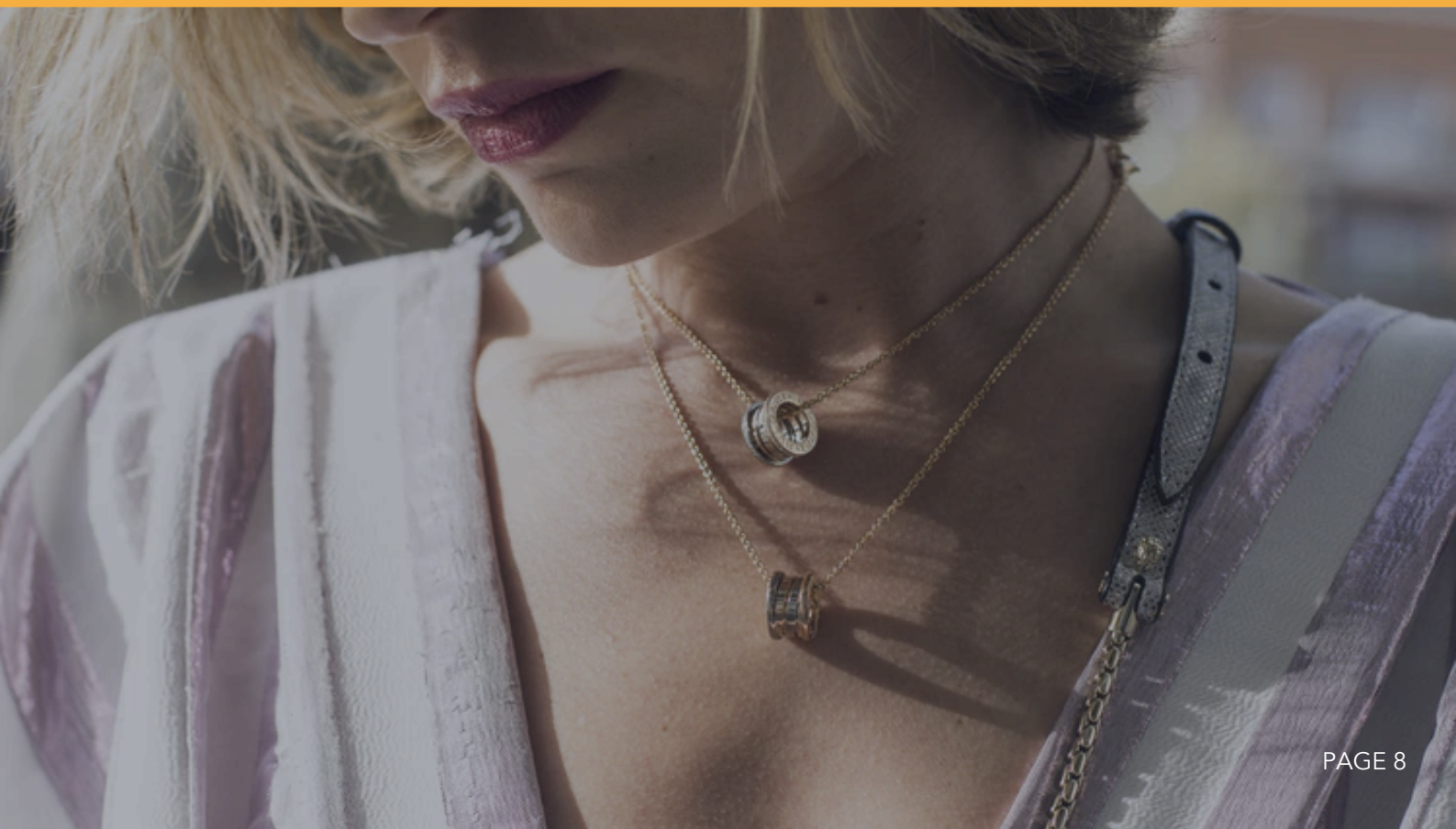
Answering these questions is critical to effectively market to current and prospective customers. To give you a head start, we took an up-close look at luxury jewelry audience data to determine what trends emerge based on demographic and life stage differences. We also looked at the impact of COVID-19 on purchase behavior amongst audiences who have historically indexed high in luxury purchases. Here's what we found.



Overall, the COVID-19 outbreak has triggered an outlier in purchase behavior for luxury jewelry consumers. Consumers across all income brackets are now delaying luxury purchases.

Middle- and low-income consumers are shifting discretionary spending towards entertainment like gaming or streaming services.

Source: Global Web Index



QUICK STATS

During the COVID-19 pandemic, females age 25-40 earning \$200k+ a year are...

13X more likely to create/upload video content to platforms like YouTube and TikTok.

3X more likely to listen to streaming services like Spotify and Apple Music.

5X more likely to online shop for clothing.

11x more likely to make cosmetics and beauty purchases online.

6X more likely to buy "treats" for themselves.

Source: GWI

High income, self-purchasing women are the most loyal luxury jewelry consumers.

A fact that has gone unchanged through the decades is that high income consumers index highest for making luxury jewelry purchases. Edahn Golan reports that consumers earning \$200,000 or more annually spend 3X more on jewelry and watches than the average consumer. What has changed, however, is the narrative around who is behind luxury jewelry purchases. Today, women ages 25-40 represent one-third of US diamond sales and over 50% of millennial women with a household income of \$75,000 or more make their own luxury jewelry purchases. The top motivations for women to purchase luxury jewelry? To get exactly what they want; to reward themselves for a milestone; just because; or to commemorate a special memory or trip. Changing motivations for luxury jewelry purchases signal that at some point the scale will strike a better balance of all year round vs. seasonal sales.

Middle- and low-income consumers buy luxury jewelry, but less frequently

The lion's share of luxury jewelry sales come from high income consumers, but that doesn't leave lower income consumers out of the equation. In a recent study, Edahn Golan found that consumers who earn the least (\$15,000 or less) spend near the national average (\$615). Those that earn \$30,000-\$40,000 reported that they were more conservative with discretionary income and least likely to make luxury purchases when compared to lower income and high-income consumers.

70%

of all luxury purchases today are influenced by at least **one digital touchpoint.**

Source: McKinsey

“Ready-to-Propose” consumers continue to drive diamond sales.

Engagement ring sales represent almost half of all diamond sales in the US. Millennials getting married for the first time may be expected to make up the entire “ready-to-propose” segment, but second and even third-time marriages in the 55-64 age group are contributing to these sales. And these second and third-time marriages are often paired with more discretionary income and bigger, pricier engagement rings according to a study by Global Web Index.

Millennials consumers aren’t just buying for themselves.

Millennials make up 25% of the US population and spend approximately \$170 billion per year. Some of this spending is on goods like luxury jewelry for themselves and for others. In fact, 68% of millennials say they buy luxury jewelry for others more than themselves. Millennials also report that they look to social media for purchase inspiration.

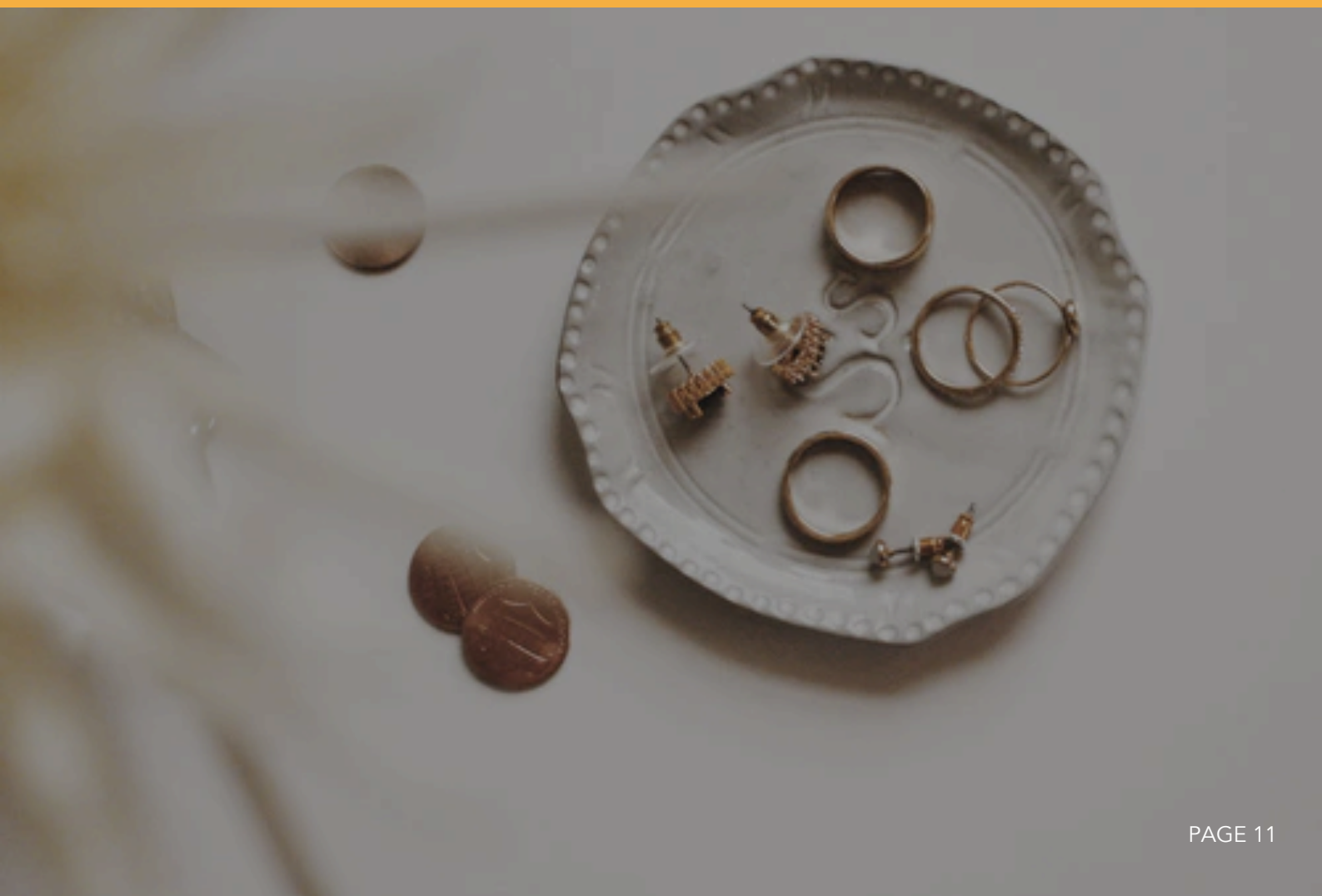
A defining characteristic of millennial consumers is that they prioritize sustainability as much as they do “Instagramability” - a trend that’s contributing to a lab-made diamond market that’s worth close to \$1 billion.

CHANGING CONSUMER BEHAVIOR

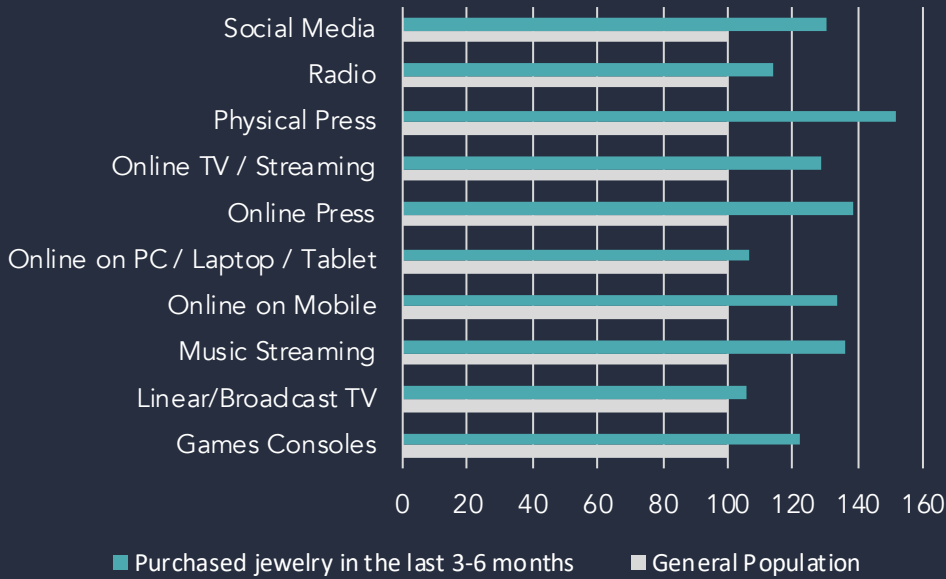
New patterns of media consumption prior to and after the COVID-19 outbreak suggest that luxury jewelry advertisers should look to media consumption data just as they do traditional demographic data.

On their own, demographics provide an increasingly incomplete view of consumers. Pairing media consumption data with demographic data - plus any other consumer data points you have access to - can help advertisers reshape how and where they get in front of luxury jewelry consumers.

To get a complete view of today's luxury jewelry consumers we took a close look at consumers who have made a luxury jewelry purchase in the last 3-6 months and compared their behavior against the general population.



Media Consumption by Channel Type

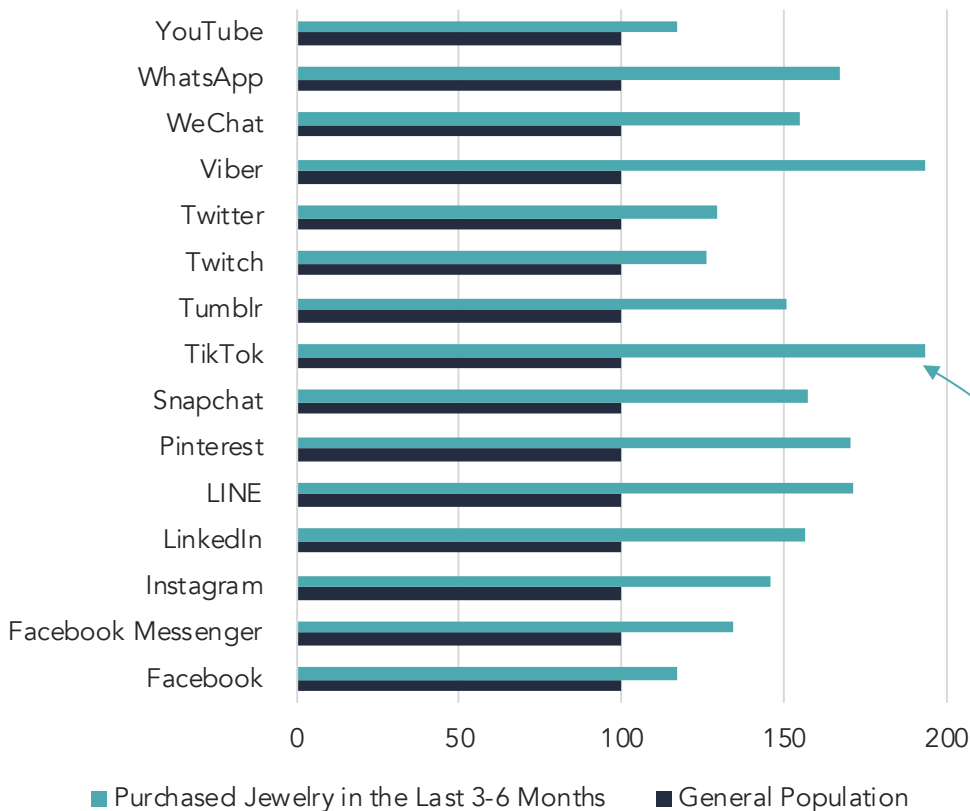


Source: GWI



Physical press still captures the attention of luxury jewelry consumers, but digital channels aren't far behind.

Leading Social Media Platforms for Media Consumption



Source: GWI

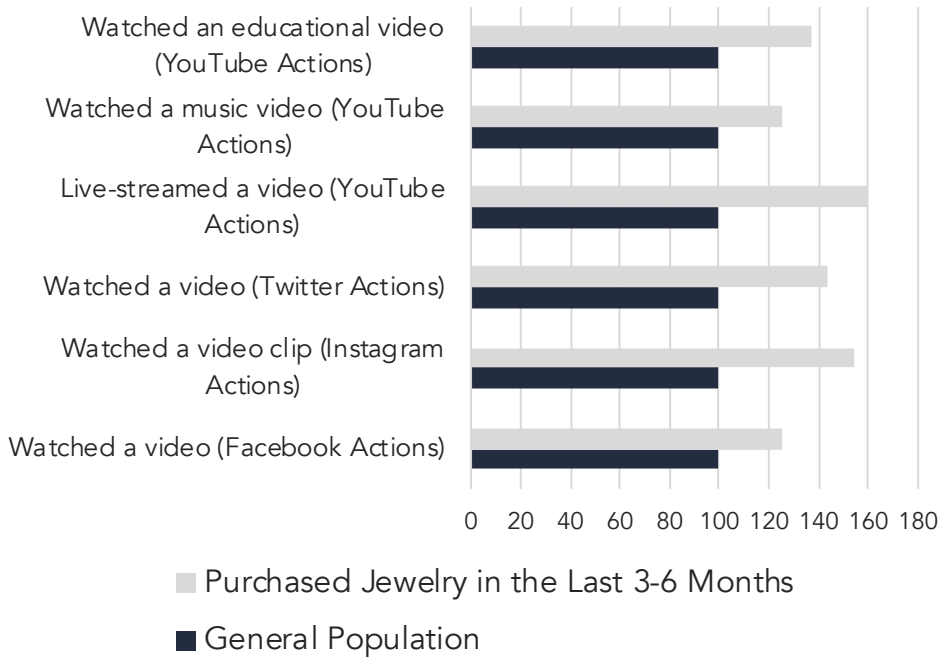
QUICK STATS

Luxury jewelry consumers are **2X** more likely to be spending more time on mobile apps during COVID-19 than the general population

"Proposal-Ready Audience" is **77x** more likely to be spending more time on social media during COVID-19 when compared to the general population

Luxury jewelry consumers are **~2X** more likely to use TikTok compared to the general population.

Video Content Consumption by Type



Source: GWI

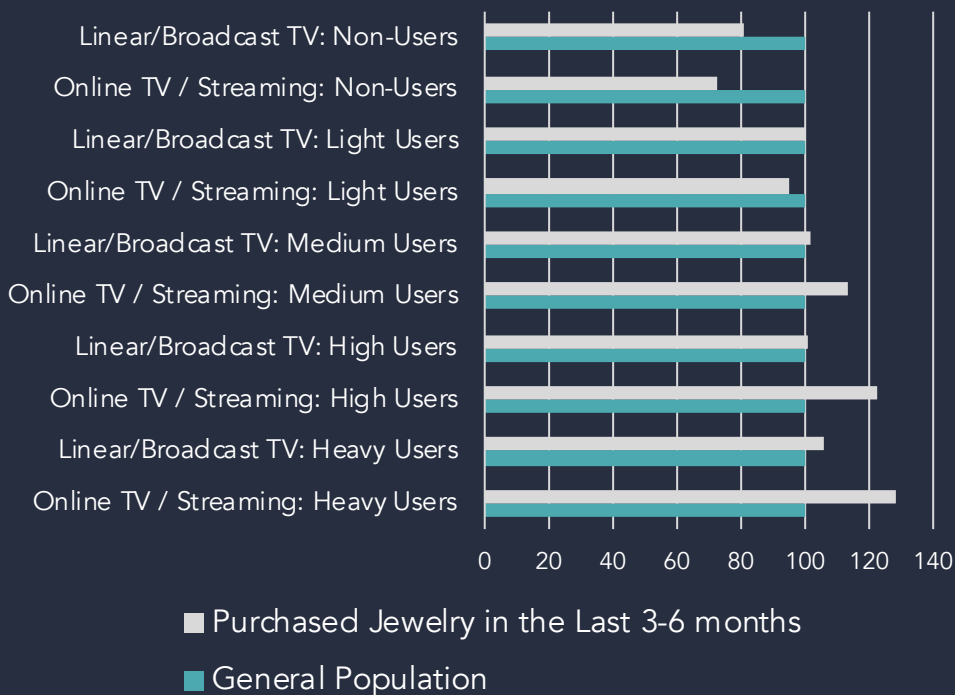
3 seconds of pre-roll video can generate up to

32%

of a campaign's value for brand awareness.

Source: Nielsen

Traditional TV vs. CTV Usage



The jewelry purchasing audience over indexes in medium to heavy online tv/streaming usage over the general internet audience.

Source: GWI

QUICK STAT

"Proposal-Ready Audience" is **2X** more likely to be spending more time watching YouTube videos during the COVID-19 pandemic when compared to the general population.

Source: GWI



IMPERATIVES FOR BRANDS

So what does this all mean for luxury jewelry advertisers, especially now during a time where consumers are spending more time online and on social apps?

For some, a renewed look at marketing channel mixes may be in order. For instance, advertisers that want to engage high income women or millennials may need to rethink what it means to connect with their target audience beyond physical stores. In other cases, advertisers may need to create meaningful content that translates traditional offline experiences like personalized attention from a sales associate or product try-ons to digital. The good news: luxury jewelry consumers are demonstrating their intent, preferences, and expectations online constantly; the data simply needs to be assessed in a way that can be acted upon. We hope this report can help.

1. IDENTIFY UNREALIZED OPPORTUNITIES

There lies an incredible first-mover's advantage for luxury jewelry brands to connect with consumers on digital channels. Consumers have already raised their hands to express interest in engaging with brands online (in particular social media). This leaves the door wide open for luxury jewelry brands to meet these consumers where they are to drive sales online or in-store when stay-at-home orders have been lifted.

2. ASK YOURSELF "WHO ELSE IS THERE?"

Re-focus your target audience(s) and look at your brand, current customers, and aspirational customers. Perhaps your target audience has changed or the intention of jewelry purchase has evolved. Appealing towards new audiences means including them in targeting, messaging, and more.

3. MAKE THE DIGITAL EXPERIENCE TANGIBLE

Use creative that highlights your product in the best way possible, retarget website visitors with dynamic creative ad units that feature previously viewed products. Test video pre-roll ads on Youtube before users dive into product try-on or review video content.

4. RECALIBRATE YOUR COMPETITION

The picture of the luxury jewelry category is changing, and we are seeing existing players evolve to adopt digital and new digitally native players come on to the scene. Brands like Gemist have enlisted a "try-before-you-buy" model and brands like Blue Nile offer-up virtual appointments that mimic the in-store experience. While no single digital approach can magically drive growth for your brand, we believe that it's important to stake out your competition. To stand out, you first need to know where your brand stands strong and where your brand falls weak when compared to key players in your category.

LET'S TALK!

Kate Bell | kate.bell@digilant.com

Director, New Business



Digilant is an omni-channel digital partner built to take advertisers from now to next. We do this with omni-channel digital advertising strategies that are data-driven, actionable, and effective. Part of ispDigital, Digilant is made up of 100+ data-driven media minds and advertising technologists spread across US offices in Boston, New York, Chicago, San Francisco, Dallas, Denver, Los Angeles, Washington D.C., and Atlanta. By combining big ideas with executional scale we are well-equipped to champion consumer insights, campaign analysis, and media initiatives that propel brands and agencies forward. Visit us at digilant.com to learn more.