

Retail gold insights:

US Jewellery



About the World Gold Council

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.

We develop gold-backed solutions, services and products, based on authoritative market insight, and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, China, Singapore and the USA, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

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Foreword

The US is the third largest gold jewellery market in the world. But whilst demand has been on the rise over recent years, consumers are buying far less than they did in the years preceding the Global Financial Crisis. Between 1998 and 2007, US consumers were buying, on average, 350 tonnes of gold jewellery a year. By 2012, that had fallen to 107 tonnes. The economic hardship imposed by the crisis is certainly one explanation for the decline. But, in a fast-changing world, gold faces other challenges too.

Young consumers have grown up in a digital world with virtual access to an abundance of products, experiences and sources of inspiration that have never been seen before. It is not surprising that Gen Z youngsters, and Millennials ahead of them, have different priorities and values to their elders. Nor is it surprising that, in this environment, gold jewellery has to work harder to compete and stay relevant.

And challenges extend to older consumers. When asked about gold jewellery, they often cite feelings of satiation – of having enough already – and these feelings are likely magnified by their perception that it is difficult to find designs that suit their style and taste.

Gold jewellery is, though, recognised as a symbol of tradition and valued as an heirloom to pass on to future generations. Its durability and potential as a store of long-lasting value rings particularly true today.

The societal upheaval and universal uncertainty wrought by COVID-19 has implications for all sectors of the global economy. At the time of writing, the pandemic continues to evolve and the full implications of the outbreak – along with the efforts to contain it – have yet to be realised. Gold's financial worth, and its investment properties, may come to be of increasing importance in the years ahead.

There are already signs that this shift is underway. Coinciding with a sharp increase in demand for gold bars and coins, auction houses and specialist jewellery retailers in Western markets have reported noticeable interest in investment jewellery pieces this year.¹ As uncertainty has swept the globe, attention has turned to gold's hard asset benefits – the security and durability it offers. According to Graeme Thompson, global head of jewellery at Phillips auctioneers, *"During the pandemic, discretionary spending has shifted...to jewellery... as a store of wealth, a hedge against possible inflation, an undeniable mood-lifter and a memento that can be passed down."*

The gold jewellery industry needs to protect and grow its business amid these challenging conditions, and the results of our research give reasons for optimism. Almost half of our sample are likely repeat buyers – they have bought gold jewellery before and are considering doing so again. And two-fifths of those questioned told us they have never bought gold jewellery



Joseph Cavatoni
Managing Director, USA
World Gold Council

before but are warm to the idea of doing so – an opportunity that could lead to significant market expansion.

Converting this demand will require a joined-up approach: a creative, tailored marketing strategy that sits hand in hand with improved product design and an enhanced customer experience. And we know that gold jewellery consumers are tuned into gold's investment attributes; incorporating this messaging into marketing campaigns could help to broaden the appreciation of gold beyond its more aesthetic qualities. We hope the insights shared in this report inspire and inform the industry as it works to strengthen its connection with American consumers.

¹ www.ft.com/content/0ec31f61-42b1-48c2-b692-cba14918e87d?desktop=true&segmentId=7c8f09b9-9b61-4fbb-9430-9208a9e233c8#myft.notification:daily-email:content

Executive summary

Gold competes in a sophisticated market place.

The American woman has a distinct sense of style and although fashion trends are important to many of our consumer segments, signalling status is both a concern and a desire. Women want to buy and wear high-end products that indicate their success.

America is facing challenges from inside and outside its borders.

Global economic contraction and the threat of large-scale unemployment at home pose threats to American incomes and will likely affect individual perceptions of prosperity. Gold already has to hold its ground against many other luxury goods, such as technology, fashion accessories, holidays and designer goods, and it will need to respond to changing tastes if it is to gain traction.

Consumers would benefit from education around the value of gold jewellery.

More than a quarter of considerers do not think about gold beyond its cosmetic worth. They do not believe gold to be worth the money and many choose to buy less expensive costume jewellery, which in their eyes is just as good. Gold is not seen as out of reach, but the question of value must be addressed.

Younger women represent a growing market in the US.

But they are less sure about gold. Our research tells us that many respondents have not previously bought fine gold jewellery because they could not find a style they liked. Fashionability and desirability are key watch points for retailers. The rise of rose gold is also notable. Many products, from shoes to cars, are now being produced in rose-gold colours. This on-trend development could denote a new audience for fine gold jewellery, but only if the industry can respond with stylish creativity that tempts the consumer.

Women over 45 often claim they have enough jewellery already.

This is despite the fact that many have never bought it themselves. Unless gold can be made sufficiently attractive, gold jewellery will struggle to gain traction among this age group.

But there is plenty of headroom for growth.

American women are spending more on gold now than they did five years ago and 48% said they would consider buying gold in the future, even though they have not done so before. We term these respondents 'considerers' as they are open to a future purchase of gold. Many believe gold to be affordable and its traditional values – sentimental meaning, durability and worth as an

heirloom – remain strong. Gold is considered a realisation of dreams and wearing gold is deemed to command respect.

We uncovered an opportunity for innovation in the purchase experience.

Women use online channels – blogs, websites, social media – for purchase inspiration, but that seldom translates to buying online. There is opportunity here. Online and offline communications could inspire, educate and allure. A package of creatively designed products, innovation in the customer journey – for example, through 3D stores – and media buzz is likely to resonate strongly with today's American woman.

Within the US, we conducted:

2,054

online interviews with women



Market snapshot

Twenty-first century US.

For almost 150 years, the US has been the largest global economy. The third most populous country in the world, its 328 million people are racially and ethnically diverse. And that diversity extends to American lifestyles, which are determined as much by geography and culture as they are by business and industry.

But the country has been hit hard by the COVID-19 pandemic. In common with much of the developed world, the economic effects of the virus promise to be long lasting and far reaching.

Against this backdrop the US is changing. It is becoming a country of the young: Millennials make up the largest adult population with Gen Z vying closely for second place. Household income profiles are changing too. Although the overall trend is up, there is greater inequality as the gap between the rich and the poor widens.

Luxury and the modern American woman.

Those American women who are active consumers of fashion and lifestyle products like to spend their money on functional luxury items such as smartphones and tablets (85%) and, to a lesser extent, wearable technology (45%). They consider luxury purchases to be a rare treat and therefore when they do buy, style and functionality is important.

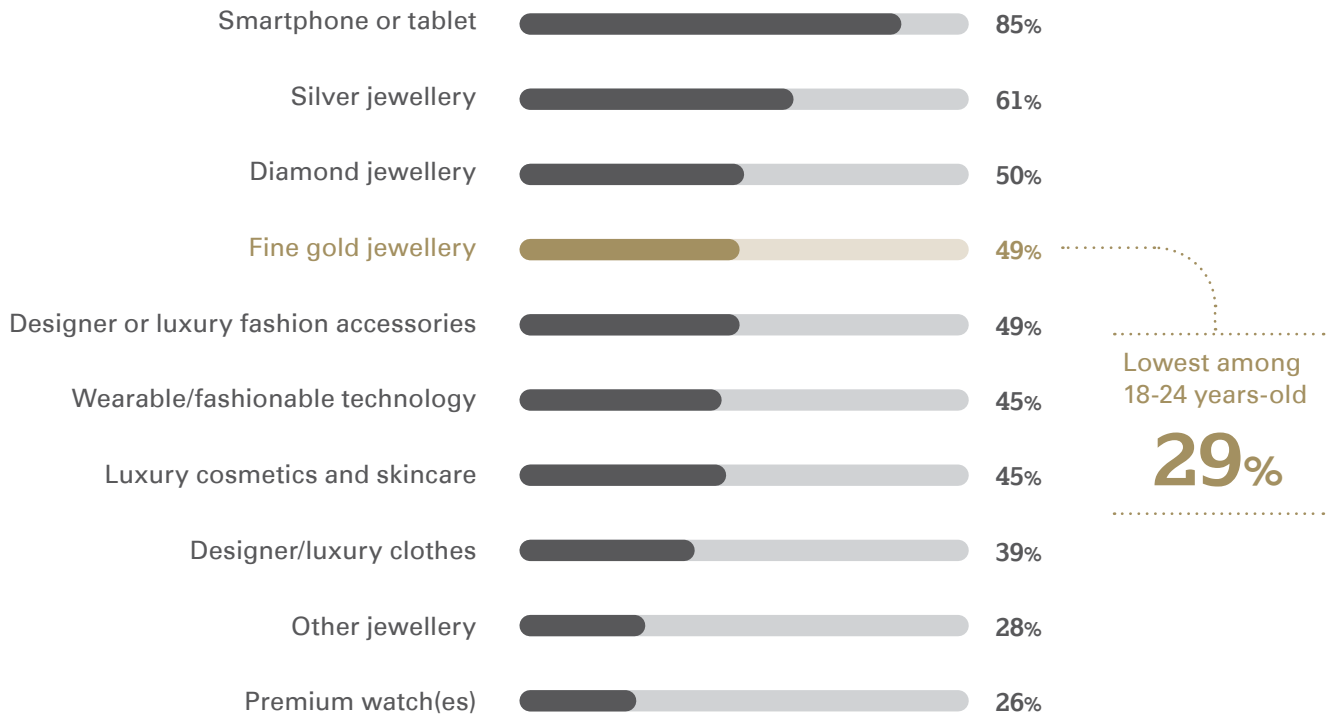
Gold is less commonly owned than lower-priced silver jewellery, but when a luxury purchase is being considered, gold can find itself competing against diamond and platinum jewellery. Ownership of gold is lowest amongst the 18-24 age group; nevertheless, 49% of American women own at least one piece of fine gold jewellery.

Competition aside, there is a desire for gold. It is viewed positively – appreciated as being a long-term investment and an heirloom, as well as being seen as a luxury treat. Our research shows that there is plenty of headroom for growth: 48% of women claimed they would consider buying gold jewellery even though they have not done so in the past.

“ I want my next piece of gold to come after an accomplishment. ”

.....
YOUNG UTILITARIAN, 26, GEORGIA

Luxury product ownership



Attitudes to gold.

American women generally regard gold as durable and believe in its lasting value. Ownership of gold is thought of as a reward for success (53%) and it is valued as a potential heirloom to pass on to children or other family members (79%). But women in the US do not talk about gold among their friends and 51% say that they see little about gold in the media they frequent. And 37% feel somewhat uncomfortable about gold, believing it to be too obvious a display of wealth.

These statistics give a useful insight into how consumers view gold but it is important to note that attitudes diverge significantly according to age. It is older women, particularly those in the 55-65 age group, who appreciate gold as a durable investment and an heirloom. Younger women have more mixed feelings: in the 18-24 age group there is a belief that gold commands respect and is symbolic of a realisation of their dreams. In contrast to these positive feelings, however, they are concerned about looking ostentatious and appear to have a lower trust in gold, showing less certainty about its durability or value.

Within the 25-34 age group, women regard gold as a bringer of luck and they too believe it commands respect, although they share the concerns of younger women around durability and value.

Gold scores highly in terms of sentimental value. In the US, as elsewhere in the world, it is associated with an expression or a symbol of love. But despite this, when probing attitudes towards gold, our research found that across all age groups, there was little emphasis on gold's association with happy memories. Perhaps gold's absence from the media is suggestive of an opportunity to create messaging that would help build such associations and give gold greater meaning, especially for the younger American woman.

An increasing appetite for gold.

Over the past five years American consumers have bought more pieces of gold jewellery and have spent more per purchase: 44% say they are buying more items and 42% are spending more. The picture is similar across generations and throughout the country.

Yet affordability does not appear to be an issue: 50% of the women we surveyed regard gold as reasonably affordable and 13% very affordable. And, despite the fact that 62% say they are paying a higher price for their

gold then they did five years ago, the percentage of those who believe gold to be totally unaffordable has dropped in recent years. This perception of affordability, if carefully managed, could present an opportunity for gold to reach consumers who have not previously bought, either for themselves or for gifting.

Competition for gold.

Younger American women appear less interested in buying fine gold jewellery than their elders. When respondents were asked about future luxury purchase intent, those in the 18-24 age group placed gold in eighth place. They prioritise purchases of smartphones or tablets, luxury skincare and accessories, silver jewellery, designer fashion accessories, wearable technology and designer clothes. There is rising competition, especially among younger women, from other high value jewellery such as platinum and diamond. Millennials also like to spend their money on high-end branded watches and luxury holidays.

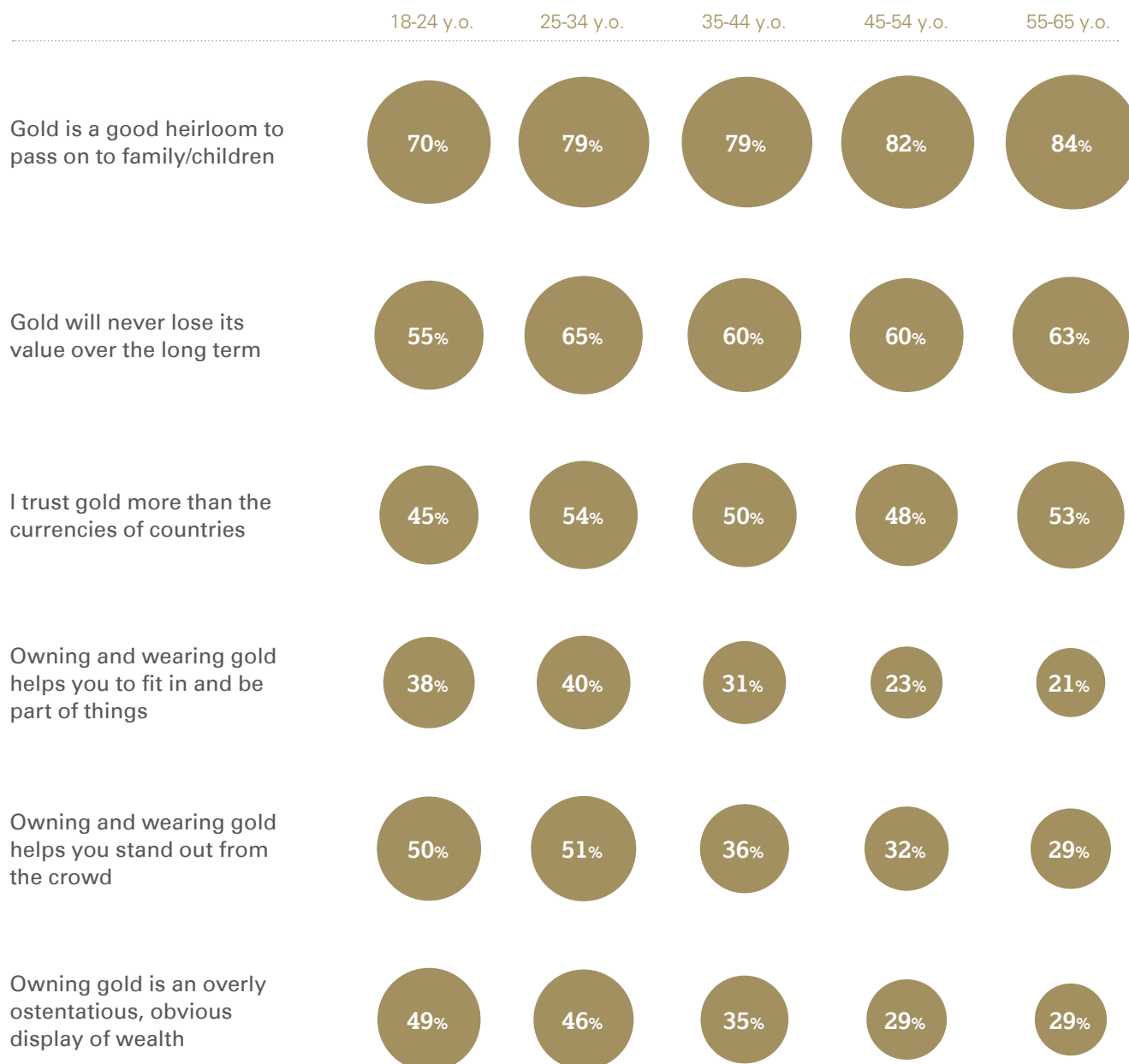
When asked what they would do with 'unexpected' money, gold was the fifth most popular choice for our respondents. Overwhelmingly (35%), they said they would spend their unexpected cash on a luxury break. Responses to this question also showed a strong preference for diamond jewellery, which ranked joint second along with designer or luxury fashion accessories.

Affordability does not appear to be an issue:

44%

say they are buying more gold jewellery pieces and 42% are spending more.

Attitudes towards gold jewellery



Penetration opportunity for gold.

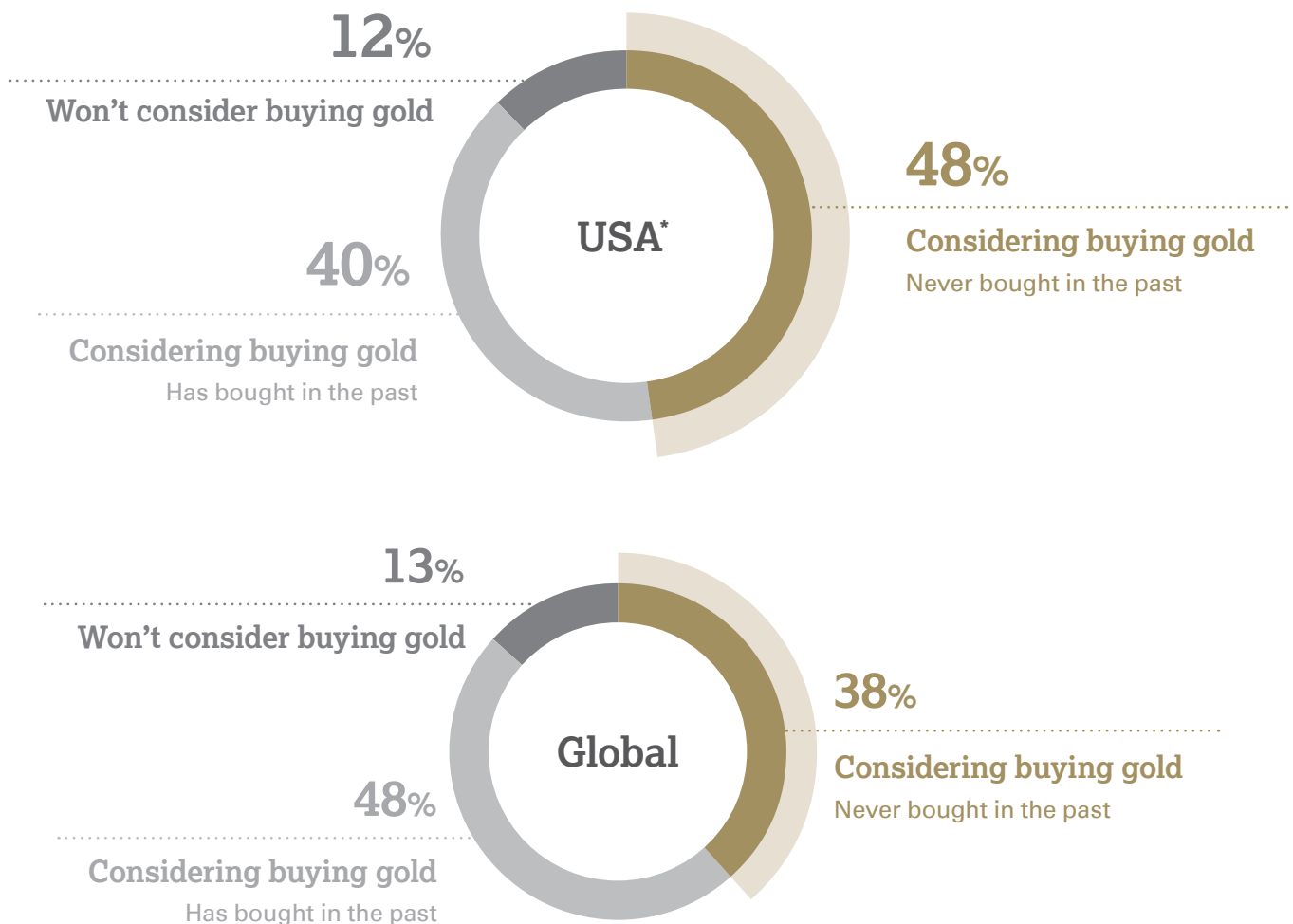
In the US 48% of fashion and lifestyle consumers would consider buying gold even though they have not done so in the past, compared with 38% at a global level. Meanwhile, 40% have bought in the past and would consider doing so again. With only 12% of luxury buyers saying that gold is out of the question, this represents substantial headroom for growth.

When looking at factors that affect purchase intent, we find that financial value is the most important driver of gold jewellery purchases in the US,

reflecting its durability and role as an enduring asset that can be passed down the generations. However, this should be weighed against the fact that 27% of considerers who have never bought say that gold is not worth the money. Our research also found that 18-24 year olds have less trust in gold's value and durability. It would appear that there is work to be done if belief in gold's long-lasting value is to be strengthened.

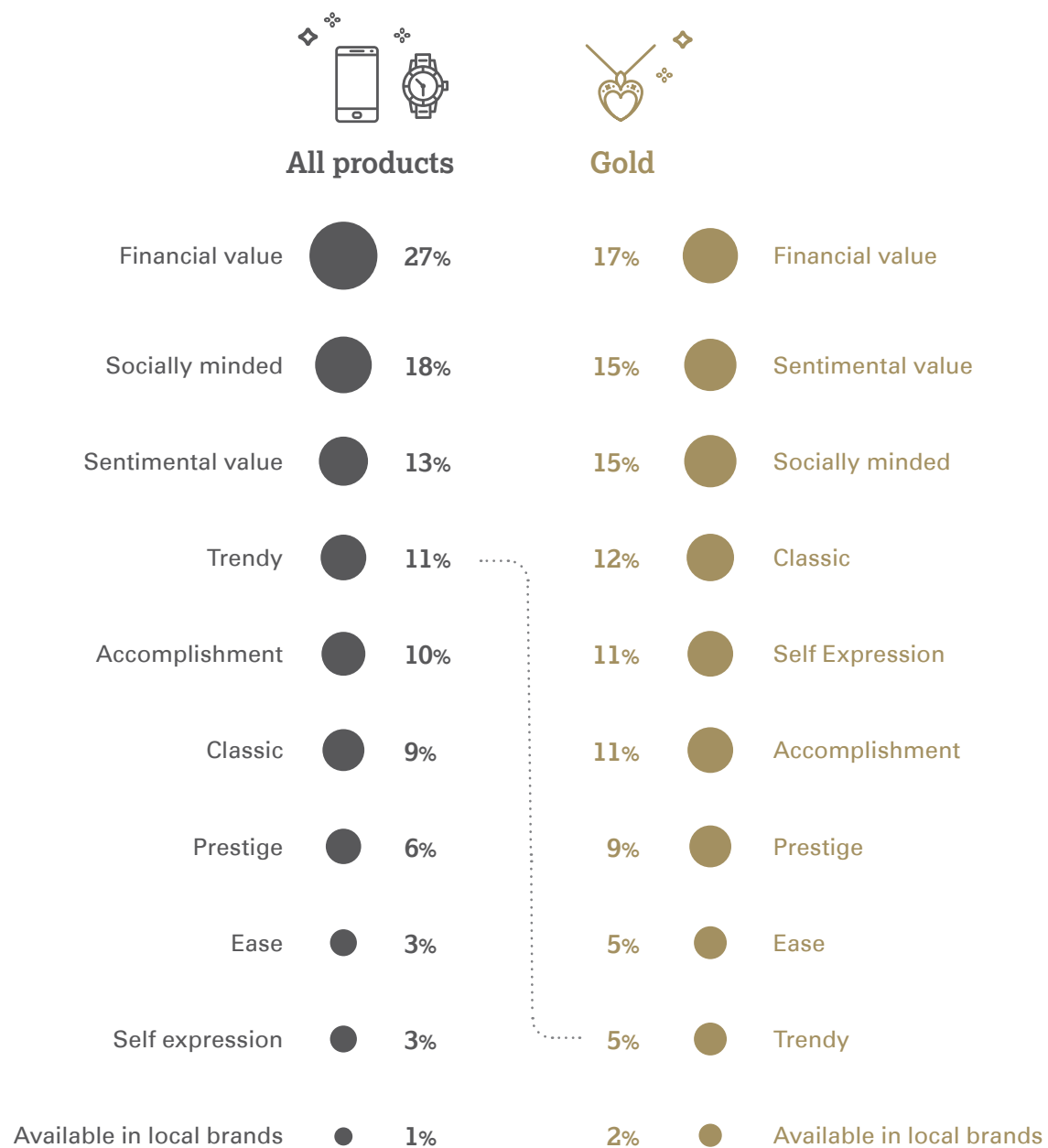
Gold retains its traditional importance as an item of sentimental value and this is a key factor when women consider buying gold. But gold jewellery purchases are far less likely

to be driven by factors associated with 'trendiness' than other fashion and lifestyles products. The Gen Z and Millennial age groups in particular avoid ostentatious pieces and look for more wearable everyday items as a means of self-expression. These women want their jewellery to say something about their own personality and sense of style. Women see gold as classic but not as an immediate fashion choice. There is an opportunity here for creative design and marketing that would be relevant to our key consumer segments, with particular attention given to the social needs and desires of the younger American woman.



* Numbers do not add to 100 due to rounding

Drivers of purchase intent



Understanding the different lifestyle and fashion consumer segments

Six distinct segments of fashion and lifestyle consumers were identified from our global research. Consumers are grouped into segments according to their similar characteristics; segments differ from each other in terms of their attitudes to fashion and lifestyle products, behaviours and needs.

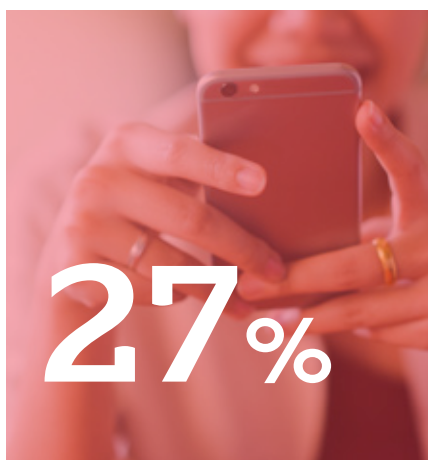


Segmentation of lifestyle and fashion consumers

While there are specific market differences in terms of size and behaviour, as well as cultural nuances, these segments are globally

relevant and thus help to establish a common language for engaging with consumers.

Social Flaunters



Outwardly focused, these women buy high-end fashion and lifestyle goods as a way to demonstrate their success and keep up with their peers. While they wear jewellery, they feel it can be old fashioned. They are active on social media, often posting comments and reading about luxury products or jewellery.

Sentimental Traditionalists



They believe jewellery expresses and symbolises love and see it as a way to uphold customs. They buy lifestyle and fashion products for others as a way of showing they care. They are less engaged with social media on jewellery and high-end fashion and lifestyle goods.

Passionate Fashionistas



These fashion-forward women love keeping up with the latest trends and browsing for luxury fashion items and jewellery. They spend time seeking out new types and designs of jewellery. Preferring to spend their money on tangible items rather than experiences, brand names are important to them. They have the highest ownership of a wide variety of high-end fashion and lifestyle products and jewellery.



Mature Utilitarians



For this older group, products from this category are a rare treat – something they might buy with unexpected money. Preferring to spend their money on experiences, if they do buy high-end fashion and lifestyle items, they look for products that are functional in some way. They are the least engaged with social media.



Unassuming Altruists



Women within this segment enjoy buying high end fashion/lifestyle items as gifts for other people and enjoy receiving gifts but they do not believe in buying for themselves. Seeing luxury goods as a rare treat, they prefer to spend their money on experiences.



Young Utilitarians



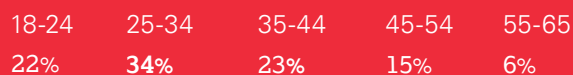
These environmentally conscious young women prefer to spend their money on products that have been ethically produced and in a way that creates a positive social impact. If they buy high-end fashion and lifestyle items, they look for products produced in a way that minimise environmental impact. Brand names are not important to them.

Profiling the biggest jewellery segments



Social Flaunters

Age



Top products purchased for self

| | |
|---------------------------|-----|
| Smartphone/tablet | 58% |
| Wearable/fashionable | 34% |
| Luxury cosmetics/skincare | 33% |
| Silver jewellery | 30% |
| Designer/luxury clothes | 30% |

Top gifts bought for others

| | |
|---------------------------|-----|
| Smartphone/tablet | 30% |
| Silver jewellery | 24% |
| Wearable/fashionable tech | 21% |

Sources for ideas and inspiration



Overall feelings about gold



64%

Agree that when seeing gold it brings back lots of happy memories

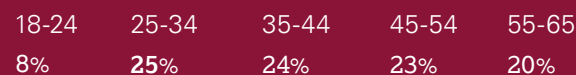
64%

Gold will never lose its value over the long term



Sentimental Traditionalists

Age



Top products purchased for self

| | |
|-----------------------------------|-----|
| Smartphone/tablet | 48% |
| Luxury cosmetics/skincare | 33% |
| Silver jewellery | 31% |
| Luxury accessories/shoes/handbags | 27% |
| Wearable/fashionable tech | 26% |

Top gifts bought for others

| | |
|---------------------------|-----|
| Smartphone/tablet | 20% |
| Silver jewellery | 19% |
| Wearable/fashionable tech | 16% |

Sources for ideas and inspiration



Overall feelings about gold



86%

Agree that gold is a good heirloom to pass on to family/children

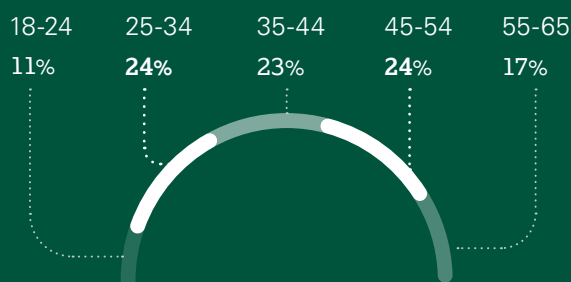
83%

Agree that gold is durable

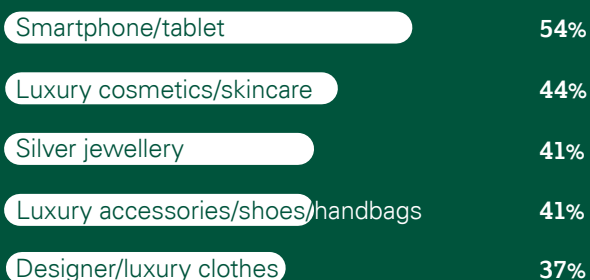


Passionate Fashionistas

Age



Top products purchased for self



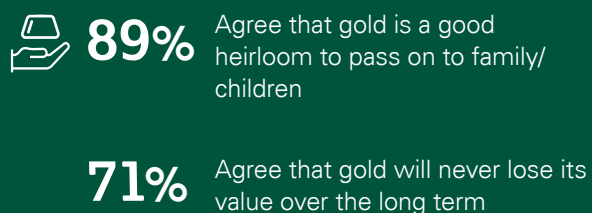
Top gifts bought for others



Sources for ideas and inspiration



Overall feelings about gold



“ I have some gold heirloom jewelry, however I prefer silver, platinum, or a diamond ”

PASSIONATE FASHIONISTA, 50, CALIFORNIA

Within each of these key segments there is untapped gold demand.

A significant proportion of each segment are 'considerers' – i.e. women who would consider buying gold jewellery in the future, having never done so in the past. Between one third and one half of these three consumer segments fall into this category.

This analysis shows that there is significant untapped demand in the US across all three key segments. However, to convert these considerers into gold jewellery purchasers, the industry needs to understand and address their barriers in a meaningful way.

Issues around style and fashionability are major obstacles for considerers in all three segments – respondents say that one of the biggest barriers to buying gold is not being able to find anything they liked. There is also a sense that what is available isn't worth the cost, particularly because they can find less expensive jewellery that looks just as good. In particular, considerers in the Sentimental Traditionalist and Passionate Fashionista segments feel that gold jewellery does not suit their style.

This highlights the opportunity for much more creative and relevant product design that meets the needs of these women and can compete with the choices they are making today.

While it may seem surprising, given these women have never bought gold themselves, another major barrier to buying gold jewellery is the feeling that they have enough already. Many may have inherited and/or been gifted gold, which would account for this sense of saturation.

In addition to product design, improving the purchase process also offers an opportunity to convert these women, given that they often cite gold jewellery being too difficult to purchase as a barrier.



Social Flaunters

47% Gold considerers

Barriers - Saturation

I have enough already



Barriers - Awareness

I can buy less expensive jewellery which looks just as good



Barriers - Fashion

I couldn't find anything I liked



It doesn't suit my style



Barriers - Other

It isn't worth the money



It's too difficult to purchase



I can't store it safely





Sentimental Traditionalists

51% Gold considerers

Barriers - Awareness

I can buy less expensive jewellery which looks just as good



Barriers - Fashion

I couldn't find anything I liked



It doesn't suit my style



It is too flashy



Barriers - Saturation

I have enough already



Barriers - Other

It isn't worth the money



It is too difficult to purchase



Passionate Fashionistas

35% Gold considerers

Barriers - Fashion

I couldn't find anything I liked



It doesn't suit my style



Barriers - Awareness

I can buy less expensive jewellery which looks just as good



Barriers - Saturation

I have enough already



Barriers - Other

It is too difficult to purchase



It isn't worth the money



Barriers - Trust

The purity of the gold isn't guaranteed





FOCUS

Younger generation

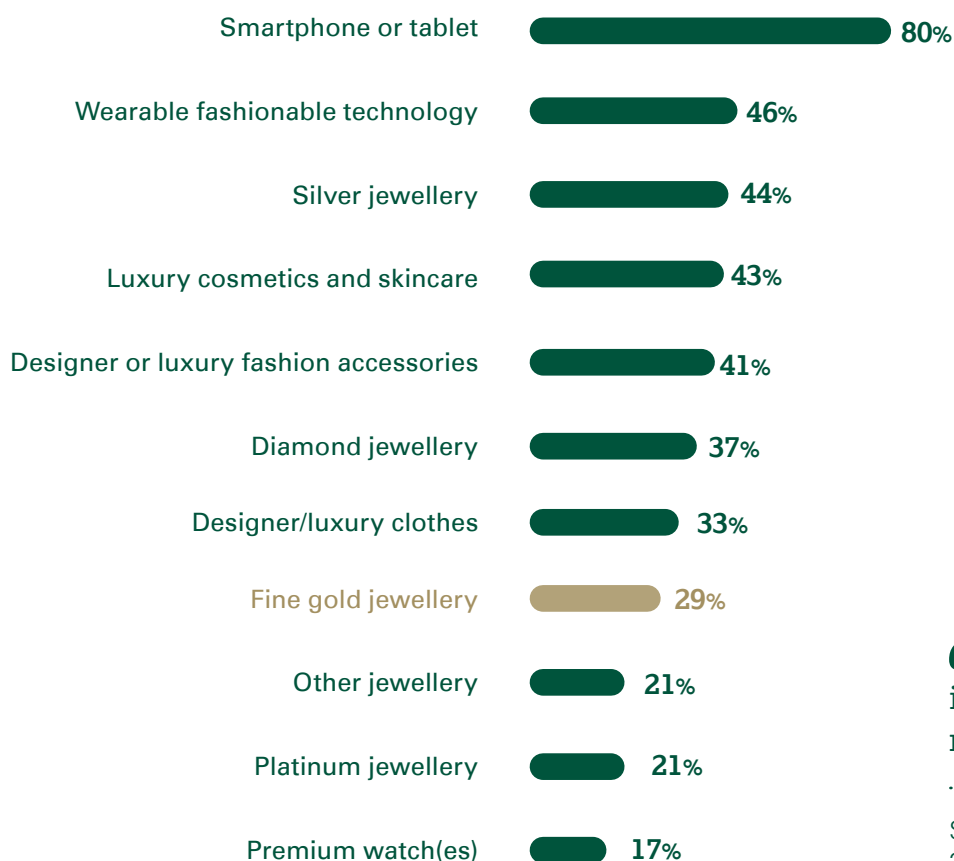
Young US women in the 18-24 age bracket offer significant growth potential for the gold jewellery industry. Our research has highlighted the clear opportunity to build an affinity with gold jewellery among this key age cohort if it

can understand their attitudes and address their needs in a meaningful way.

These young women own far less gold jewellery than women in older age groups and ownership lags a long way behind technology.

Product ownership

18-24 year-olds



“ I think that gold is outdated if not done right ”

SENTIMENTAL TRADITIONALIST,
29, NEW YORK

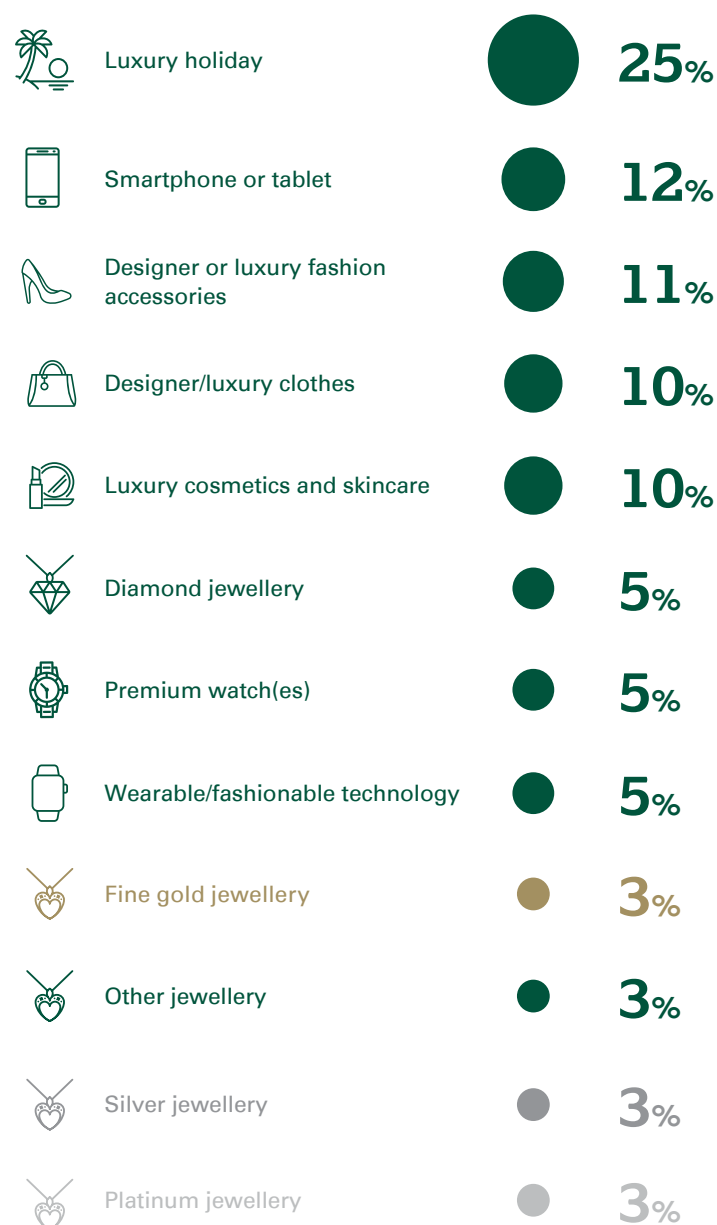
Gold must re-position itself to get ahead of competition

Gold jewellery simply does not resonate with this audience: when looking at top choices for items they had recently requested as a gift, gold jewellery does not make the top five products – technology is much more desirable to them and silver jewellery is ranked in fifth place.

When asked how they would spend an unexpected sum of money, gold jewellery ranks significantly lower compared to the total sample. Their top choice by far is a luxury holiday, followed by a smartphone/tablet and luxury/designer clothing, accessories and cosmetics.

Unexpected money

18-24 year-olds





FOCUS

Younger generation

In the face of fierce competition from smartphones, tablets and – to a lesser extent – wearable technology, gold jewellery needs to do more to win the attention of this digitally minded young cohort and be seen as desirable as well as relevant to them.

18- to 24-year-olds are less connected to gold: they don't recognise its durability or the role it can play as an heirloom to pass on to the next generation. And they don't believe in the long-term value of gold, seeing it as a bit too ostentatious.

However, they do feel it can play a dual role depending on their needs at a particular moment – either helping

them stand out from the crowd or helping them fit in and be part of things and these associations can be built upon through integrated marketing campaigns. To target this tech savvy generation effectively, a strong digital focus will be essential to reach and engage with them.

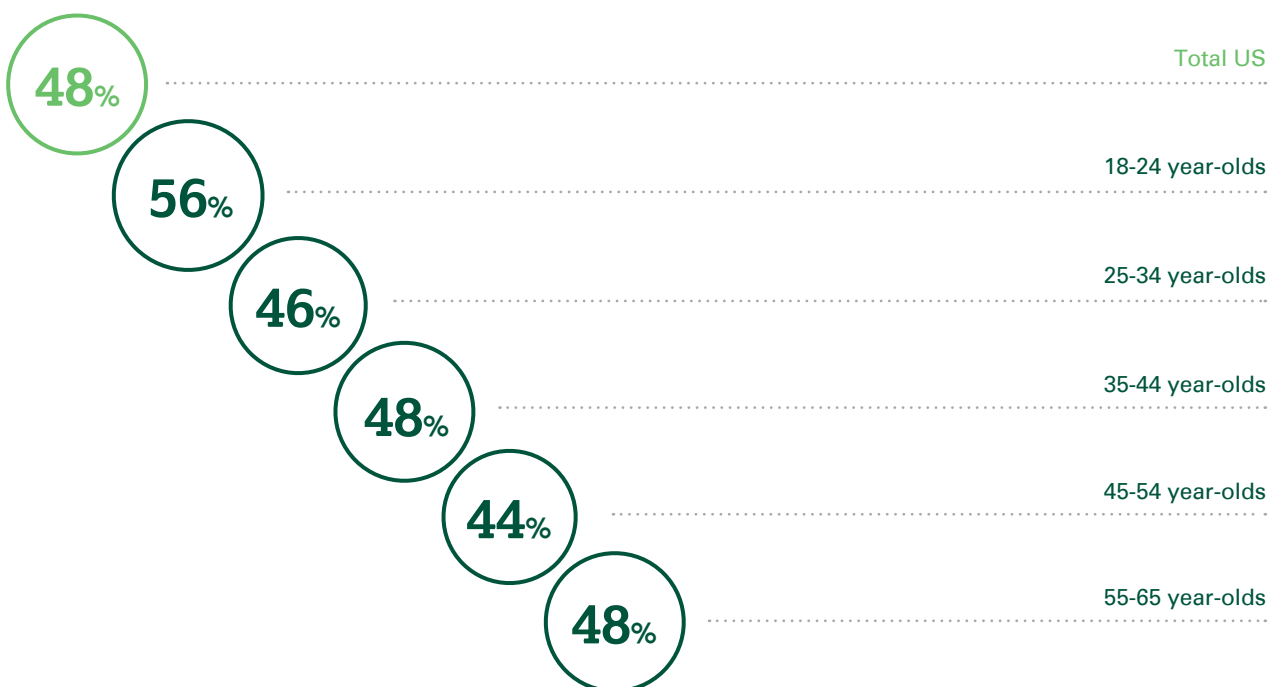
Louis Vuitton is an example of a luxury brand focusing on its digital strategy to win market share – the brand uses social media to give sneak previews into new product launches and regularly posts on promo events, store openings and influencers wearing its designs.² In 2019, it became the first luxury brand to partner with

Riot Games' online video game League of Legends, and offered in-game outfits ("skins") alongside a corresponding capsule collection designed by Nicolas Ghesquière.³ Louis Vuitton also designed a carrying case for the League of Legends World Championship trophy, the Summoner's Cup.⁴

Gold jewellery has a clear opportunity to grow. Considerers (those women who have never previously bought gold jewellery but would now consider doing so) account for a larger share of the 18-24 age group than any other: 56% of these women fall into this category.

Gold considerers who have never bought

By age



2 www.askattest.com/blog/news-and-trends/how-louis-vuitton-are-killing-it-on-social-media-awr

3 www.vogue.com/article/louis-vuittons-new-capsule-with-league-of-legends

4 www.vogue.fr/fashion/article/league-of-legends-characters-are-now-dressed-by-louis-vuitton-outfits-skins-trophy-case

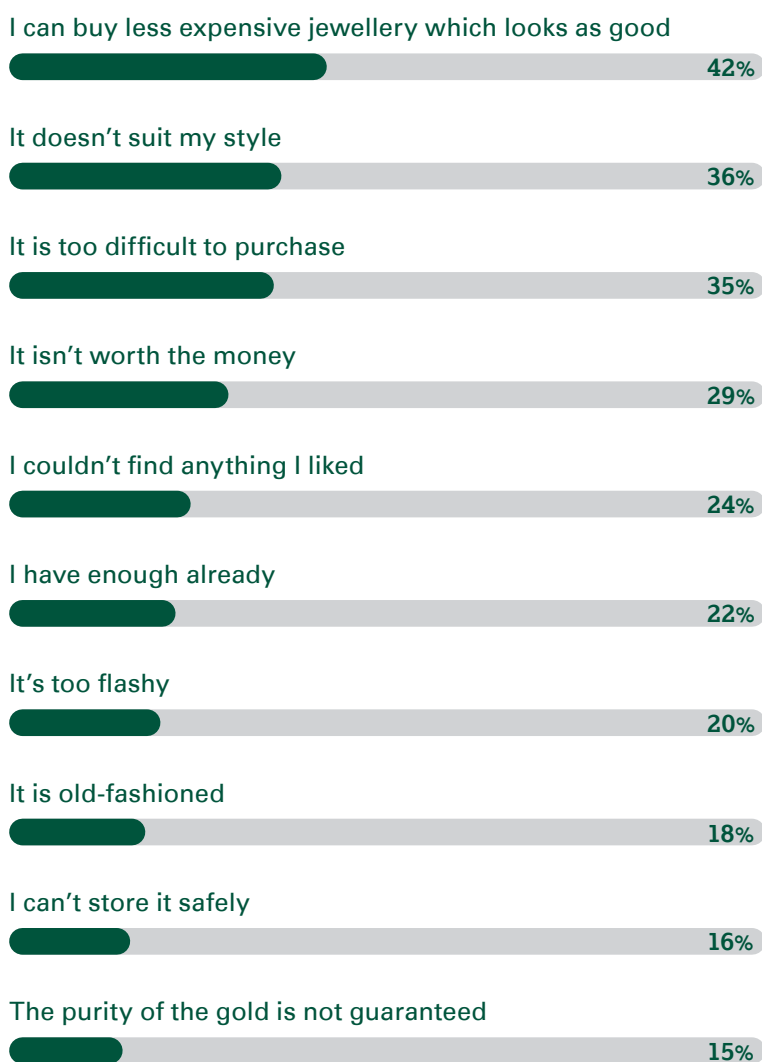
To win over these young women, the key barriers to overcome are primarily style and value for money-related. And – importantly – the perception that gold jewellery is difficult to buy.

They share a strong sense that gold jewellery doesn't represent good value and feel they can substitute gold with other less expensive jewellery. They also struggle to find options that they like and which suit their style.

Creating designs that feel relevant but also showcase gold's uniqueness and added value is the way to appeal to this group. And addressing their purchase concerns – creating an interactive purchase experience with the right content regardless of channel – is also key to bringing them into the category.

Barriers to buying gold

Considerers who have never bought, 18-24 year-olds



Identifying demand moments in the fashion and lifestyle category

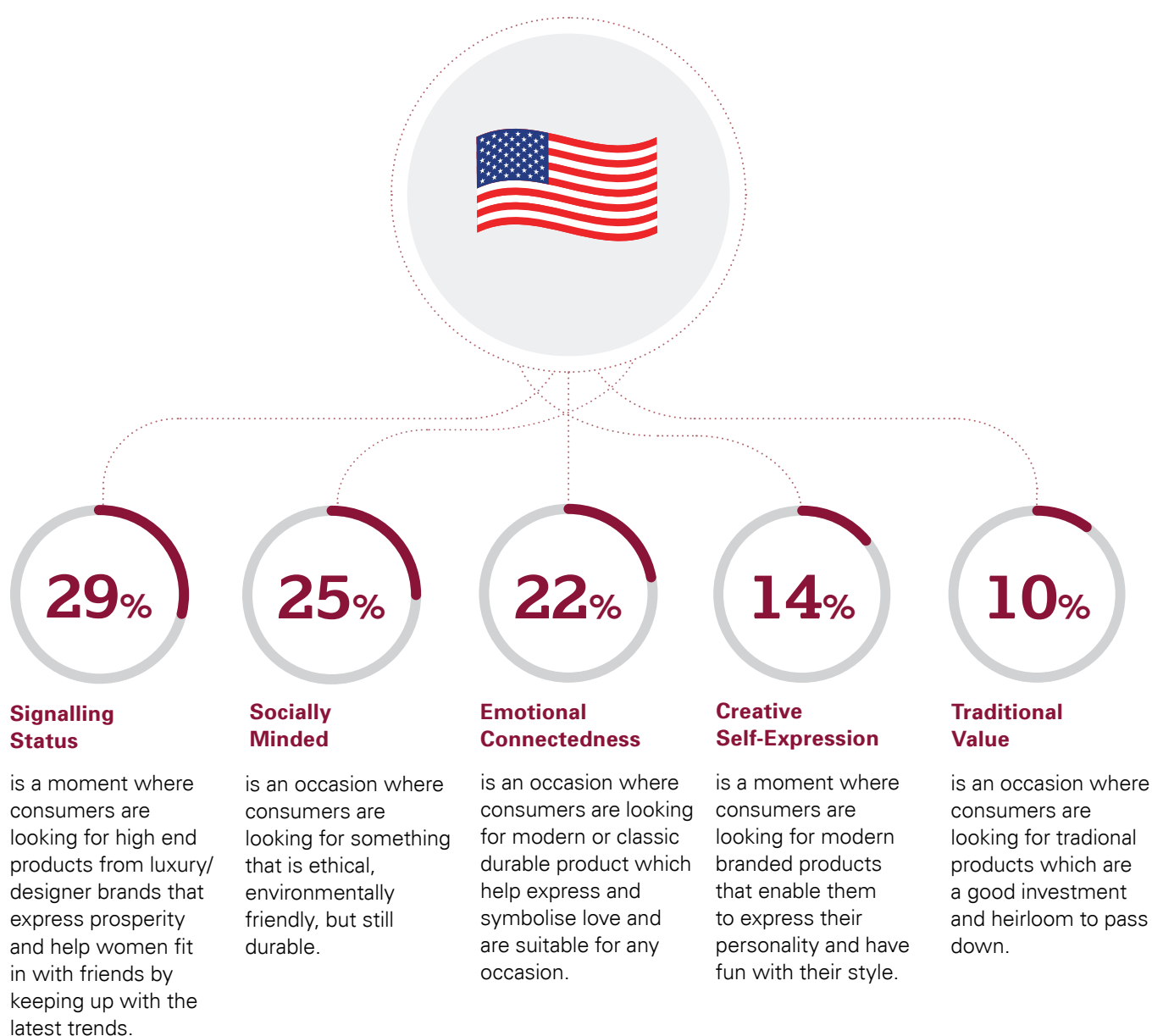
Consumer segments help us identify who to target and how, but women do not behave consistently from one purchase occasion to another – their needs will change according to the moment. We need to understand the occasions – these ‘demand moments’ – as they are experienced by women and pinpoint the underlying needs of each in order to develop products, services and communications that will effectively meet those needs.



Our research identified five distinct global demand moments, based on the benefits that consumers were looking for on a specific occasion when they bought a product from the fashion and lifestyle category.

As with the consumer segments, all five demand moments apply universally to each of the global markets we surveyed, but there are differences in terms of size and behaviour, as well as cultural nuances.

Demand Moments in the US



Signalling Status is the biggest demand moment in the US, followed by Socially Minded and Emotional Connectedness.

Birthdays are a key gold occasion for all three of these moments. Mother's Day features in the Signalling Status moment, while the occasion of simply buying something 'as a treat' is important in the Emotional Connectedness and Socially Minded moments. When looking at the types of gold jewellery purchases across these moments, we can see that spontaneous purchases are much more likely to happen for the Socially Minded and Emotional Connectedness moments compared to Signalling Status. And gold jewellery bought for the Signalling Status moment is over

3 times more likely to be bought from a global luxury brand than gold jewellery bought for the Emotional Connectedness and Socially Minded moments.

Out of the three biggest demand moments, Signalling Status is the most relevant to Social Flaunters, Emotional Connectedness is the most relevant to Sentimental Traditionalists and Socially Minded is the most relevant to Passionate Fashionistas.

Despite its cultural heritage and underlying value, gold is losing out to other products in the Signalling Status moment. Design innovation to create desirable jewellery pieces that make a statement and are seen as on trend will be crucial in helping gold

carve out a share of this moment. While gold jewellery has a presence in the Emotional Connectedness moment, this needs to be protected in the face of competition not only from other jewellery but also from technology. The Socially Minded moment offers gold the potential to expand as currently no product owns this moment. The key to growing gold jewellery's share of any of these moments is understanding what consumers are looking for – not just from a product design perspective but also from the end-to-end purchase experience and communications perspectives. Innovating across all three elements will ensure success in both attracting and also retaining consumers.

Products most frequently bought in demand moments

Signalling Status



Luxury cosmetics/
skincare



Smartphone/tablet



Designer/luxury clothes



Luxury accessories/
shoes/handbags

Socially Minded



No product owns this
demand moment

Emotional Connectedness



Gold jewellery



Silver jewellery



Platinum jewellery



Smartphone/ tablet



Wearable/ fashionable
tech



Digital innovation has sparked evolution in the purchase journey in recent years. It is no longer a linear path; consumers can move in both directions between different stages in their journey while being influenced by a multitude of factors both offline as well as online at every stage. Shopping in today's world is much more than simply buying the product.

Successful brands know that the end-to-end purchase experience is as important as the product offering in creating a competitive advantage. Advances in technology such as AI, automation and data analytics enable brands to shape the consumer's journey around their needs at a particular moment wherever they are. However, the gold jewellery category has yet to fully embrace the use of technology and digital engagement – it lags behind other high-end lifestyle categories.

Innovating along the end-to-end gold jewellery purchase journey to create meaningful value to the consumer represents a big opportunity regardless of the demand moment. In light of the COVID-19 pandemic, this has become even more important for the category as consumers have developed new shopping and buying behaviours that are likely to remain. PWC's 2020 US consumer survey showed that 50% of consumers were buying new brands and 63% of these were likely to stick to or maintain these new brands.⁵ Online channels have

been increasing in importance for a while; Yoox Net-A-Porters Group's own research in 2017 showed that its mobile customers bought much more frequently than its desktop customers and spent significantly more per year.⁶ Fast forward five years and, influenced by the pandemic, more consumers are online than ever before: the value of US online retail sales was up by 44% in Q2 2020 compared with Q2 2019, and a recent McKinsey survey shows expected growth of 19% in online buying of jewellery post-COVID-19.^{7,8}

This means that the ability to connect to consumers wherever they are has never been more important. To do so successfully, gold jewellery retailers and brands need to embrace the online to offline (O2O) concept, offering a seamlessly integrated, consistent online and offline experience as the consumer weaves in and out of digital and physical channels, and one that is personalised around the individual.

While both offline and online channels play a role in the early part of the journey, with US consumers browsing instore as well as using brand websites, social media and blogs as sources of inspiration, this is at the point when gold jewellery has already made it into a consumer's consideration set and they are researching the 'what'. Creative use of digital tools to drive greater digital engagement in the discovery loop will ensure that gold jewellery reaches more consumers at the consideration stage of their purchase journey – and that it reaches them more often.



Innovating along the end-to-end gold jewellery purchase journey and integrating the online and offline elements represents a big opportunity to engage consumers.

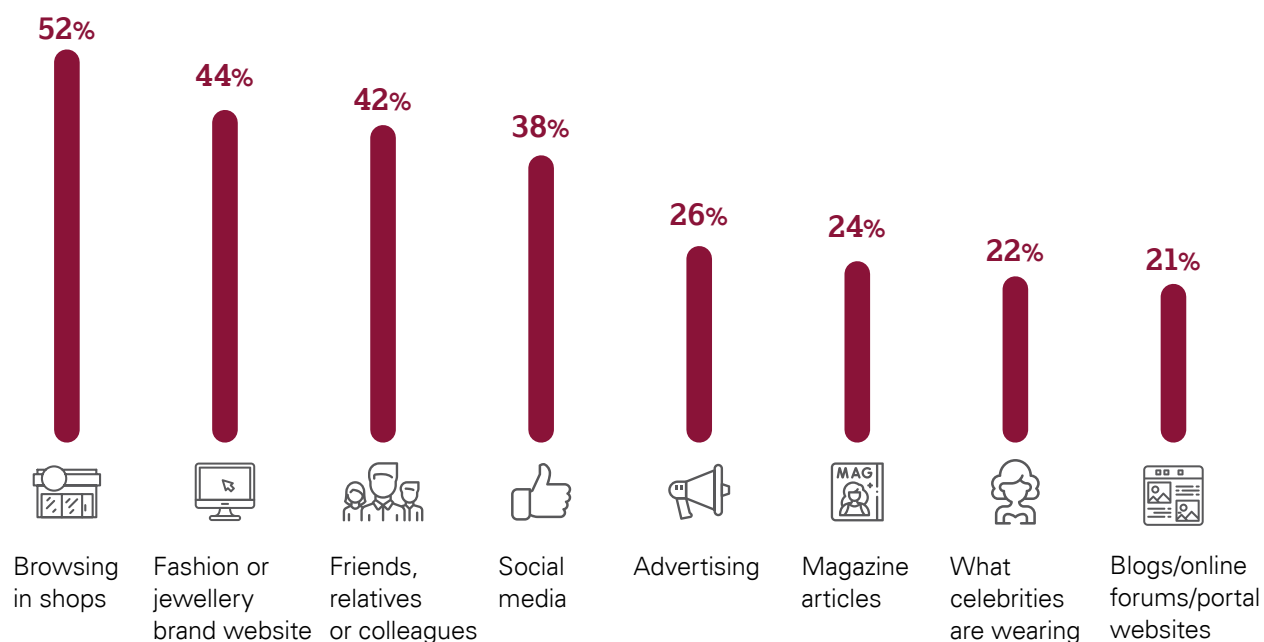
5 www.pwc.com/us/en/industries/consumer-markets/library/planning-for-uncertainty-covid-19-recovery.html

6 www.pwc.com/gx/en/consumer-markets/consumer-insights-survey/2019/report.pdf

7 www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

8 www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-great-consumer-shift-ten-charts-that-show-how-us-shopping-behavior-is-changing

Source of ideas and inspiration



In order to connect to consumers wherever they are, gold jewellery retailers and brands need to embrace the online to offline (O2O) concept.



Place of purchase

When we look at how gold jewellery is purchased today, we see that the majority – 79% – is still bought in store, with only a small fraction (18%) bought online. But improving the simplicity and accessibility of the online transaction could drive category growth by allowing consumers to become more comfortable with buying their gold jewellery in this way.⁹

Choosing the right e-commerce platform is crucial, but businesses do not have to develop their own independent platform. Many global prestige brands have successfully partnered with third-party high-end e-tailers, such as Farfetch and Net-a-Porter, who have the knowledge and experience to provide the right online shopping experience. Both companies offer a 'white label'

service for brands wanting to use their platforms to power a branded online presence.

The majority of gold jewellery purchases are still planned. But using social platforms to encourage impulsivity in the discovery and consideration phases, and seamlessly connecting this to online purchasing, could boost unplanned purchases as consumers buy 'in the moment', thus increasing sales at a total level.

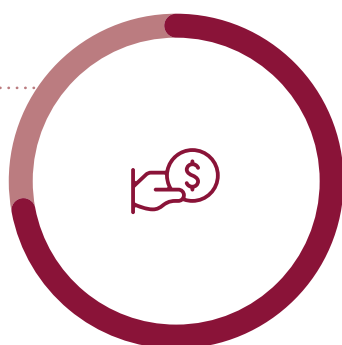
To be successful, any e-commerce strategy needs to overcome a number of major barriers to online gold jewellery purchasing. The biggest barriers identified by the research are the desire to have the product immediately, wanting to physically handle the product and the perception that it is easier to

buy in store. To address the issue of immediacy, brands with physical stores such as Dior have persuaded consumers to purchase online by offering in-store collection, often on the same day; which also means that consumers can experience the product in person and can return it straight away if they don't want it. The premium e-tailer Farfetch offers same-day express delivery and free returns with a pick-up service. Brands have also introduced the 'virtual try on' concept; Gucci for example has added an augmented reality (AR) capability to its app, which enables consumers to virtually try on its sneakers.¹⁰ And brands such as Louis Vuitton are allowing online purchases to be returned in-store, which helps give the customer greater assurance in the decision to make an online purchase.

Planned versus spontaneous purchase of gold jewellery

28%

Spontaneous purchase



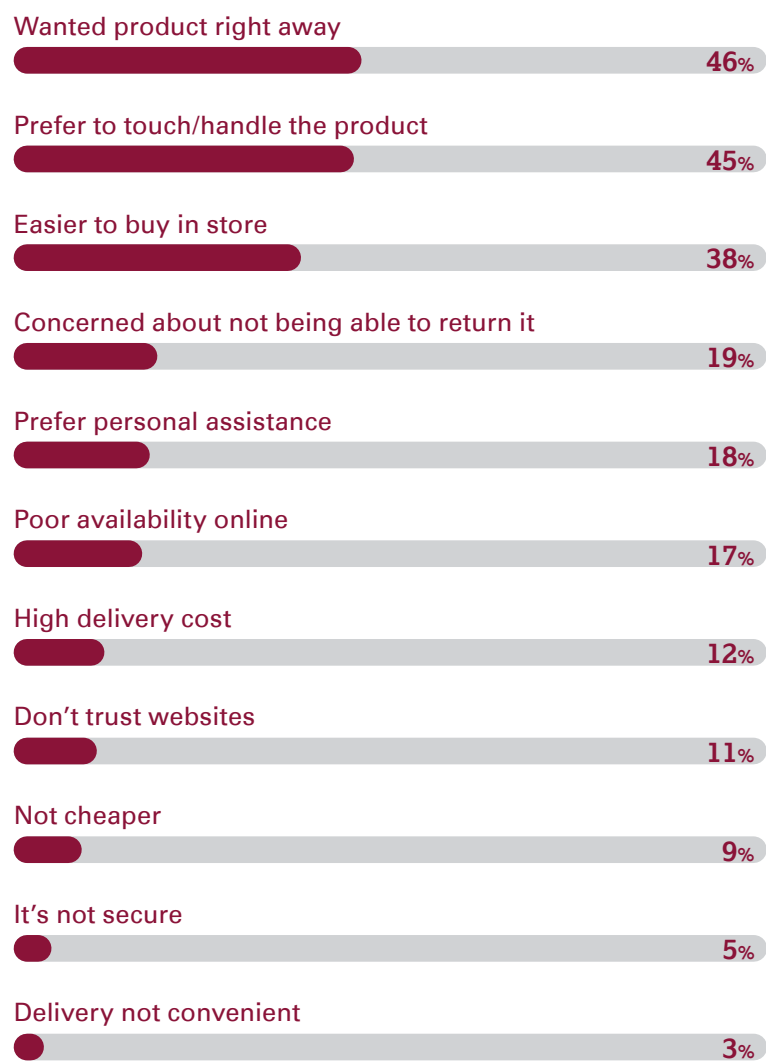
72%

Planned purchase

⁹ www.knowledge.wharton.upenn.edu/article/luxury-brands-racing-embrace-e-commerce/

¹⁰ www.econsultancy.com/14-examples-augmented-reality-brand-marketing-experiences/

Barriers to online purchase of gold





The physical retail store will continue to play a central role in the consumer journey as in-store traffic starts to recover from the COVID-19 crisis. And the pandemic has meant that it is even more crucial to re-assess and re-invent the role of the retail store and the experience it delivers. Chanel is a luxury brand that has successfully re-imagined its beauty stores. It launched its first Atelier Beauté concept store in 2019 in New York's SoHo, focused on discovery and play rather than a hard sell. Customers can choose to experiment by themselves or with an expert. On entering the store, consumers are offered a branded locker to store their personal items and are asked to create an online profile so they can keep track of the products they tried and liked. They can even take selfies in the Coco lab – a space designed to give the best set up for photos – which can be easily shared among Chanel's Instagram community.¹¹

Sustainable fashion retailer Reformation is another example. In 2017 it opened a luxurious tech-enabled store in New York which showcases samples rather

than stock; in effect acting like a showroom. Consumers shop via touchscreens that provide an experience similar to browsing the brand website, but only items that are in stock are shown. By putting in their name, consumers can create dressing rooms, which are stocked with their selections while they continue browsing. These dressing rooms, which have customisable lighting, also have touchscreens where consumers can continue to pick and choose new sizes, colours and items.¹²

To provide a truly integrated immersive consumer experience that can boost both digital and in-store sales, the right balance must be struck between digital and physical. This means taking into account existing consumer behaviours – such as showrooming (researching in store before buying online at a cheaper price) and research online buying offline (ROBO) – as well as new ones emerging as a result of the pandemic.

The US does not have a tradition of exchanging and upgrading gold jewellery that is common in

markets like India and China. But increasing consumer interest in luxury re-commerce (which may be accelerated by the pandemic) could be a specific innovation opportunity for the gold jewellery category. In response to this trend, in 2019 luxury e-tailer Farfetch launched their pilot re-sale programme Second Life in the UK and Europe. Through this programme, consumers can exchange their designer handbags for credit that can be used on future Farfetch purchases.¹³

As they innovate along the end to end consumer journey, retailers could choose to incorporate a re-commerce marketplace (via partnerships with platforms such as Yerdle), which consumers may find more appealing than having to rely on direct resale platforms such as Fashionphile.

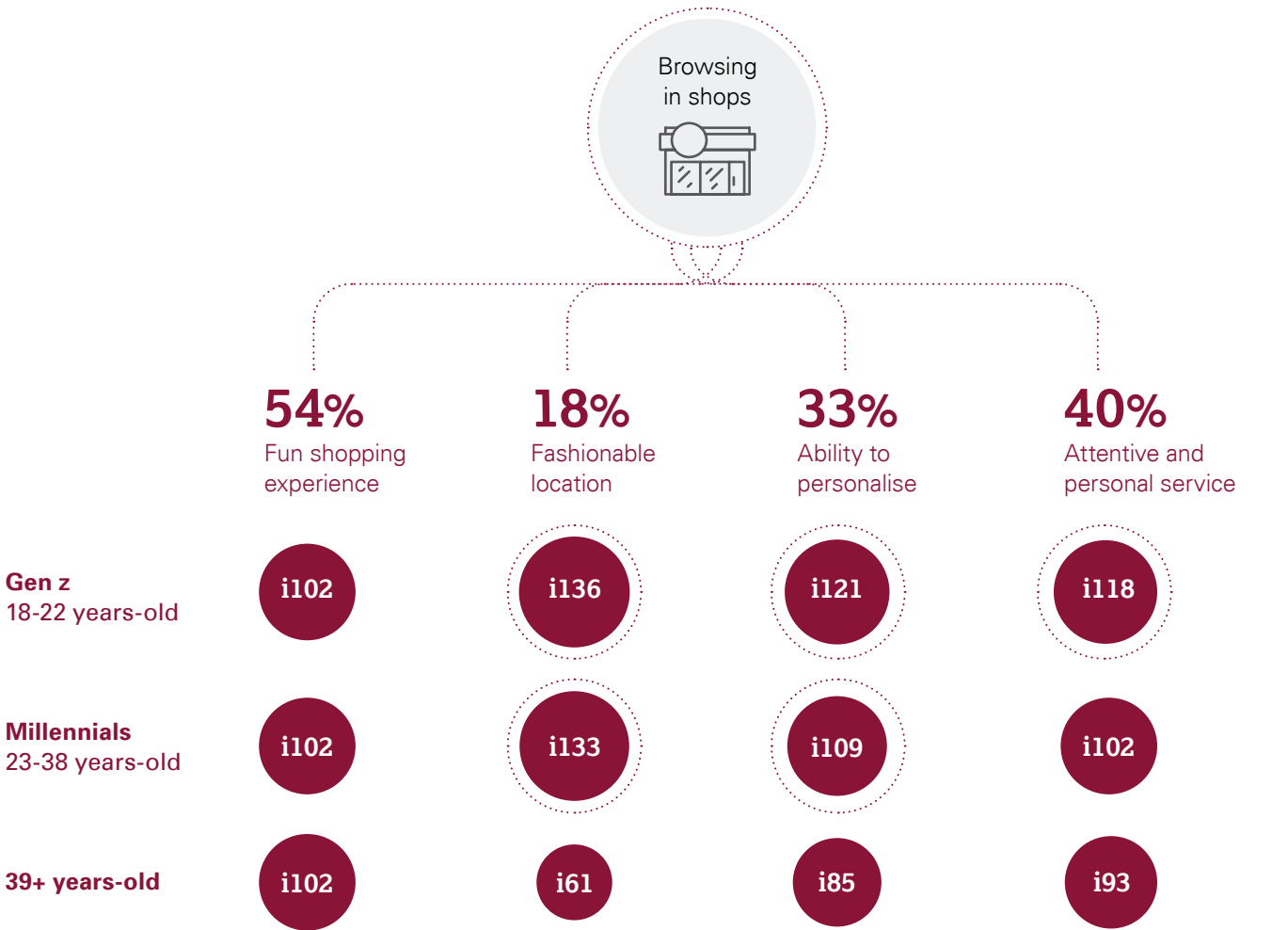
Looking ahead, as the industry moves to innovate the end-to-end purchase experience it must also focus on establishing, reinforcing and delivering on consumer trust throughout the journey.

11 www.forbes.com/sites/celeshatzman/2019/01/24/chanel-opens-a-beauty-wonderland-with-its-first-atelier-beaute-in-new-york-city/#3544d7ca260e

12 <https://observer.com/2017/11/reformation-store-bond-street-new-york-tech-enabled/>

13 <https://aboutfarfetch.com/news/press-releases/farfetch-unveils-handbag-pilot-re-sale-service-farfetch-second-life-as-part-of-its-sustainability-strategy-positively-farfetch/>

Key factors of the in-store experience*



* Index numbers are relative to total sample at i100

Barriers

American women associate gold jewellery with tradition and value it as an heirloom. But it falls short of their expectations around style and fashionability. And gold's inherent value – its financial worth and dual investment purpose – does not seem to be well understood. We identify several common issues that women say have prevented them from buying gold in the past. This opens up a key opportunity for the industry to address these barriers and grow the market.



Style and fashionability

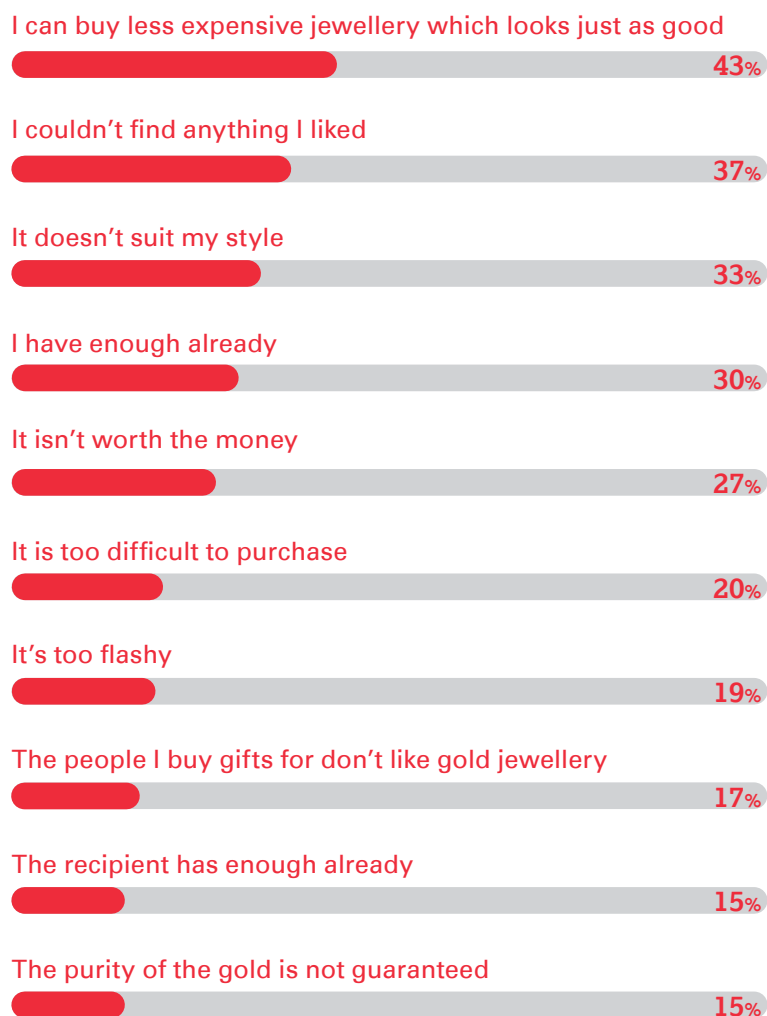
Our research found that many women in the US would consider buying gold if only they were able to find something that appealed to them. Questions of style and fashionability echo through our findings, with 37% of considerers saying they couldn't find anything they liked and 43% saying that they

can buy less expensive jewellery that, in their opinion, looks just as good. And 33% say that fine gold jewellery does not suit their style. For women who want to express themselves through what they wear, this amounts to an opportunity missed for gold.

Among the respondents who would consider fine gold jewellery but have never bought, 72% quoted reasons relating to fashion to explain why they haven't previously done so. The concerns span age groups: 'I can't find gold jewellery I like' peaks among the over 35s, but gold jewellery style not being suitable is a concern for women aged from 18-44.

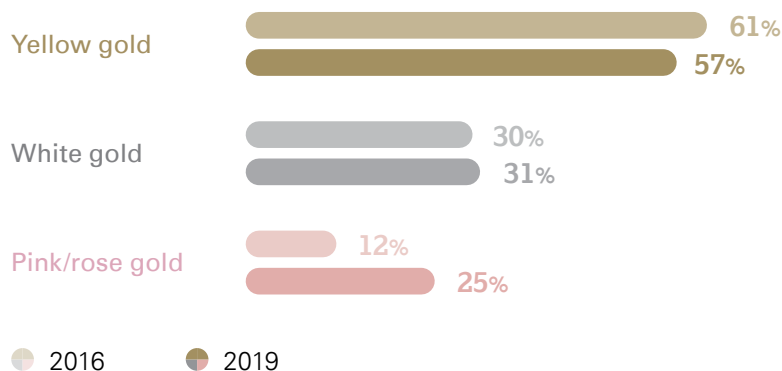
Top ten barriers to gold

Among considerers who have never bought



Purchase of rose gold

By colour



Rose gold: an opportunity... platinum: a threat

US retailers reported a rise of 11% in platinum jewellery sales during 2018.¹⁴ Some purchases were related to weddings but self-purchase is seen as a key area of growth. The 2019 Platinum Jewellery Business Review believes that Millennial consumers and younger generations are finding meaning in platinum jewellery that embodies their aspirations: 'Millennials are known to distinguish well between product substance and marketing veneer; it's never more important that brands create marketing efforts relevant to this generation'.¹⁵

This interest in a different type of jewellery could benefit gold. White gold, which is sought after by older Millennials (31%), is well positioned to challenge the rise of platinum so long as it can provide the style and kudos that American consumers desire.

Although traditional yellow gold jewellery dominates the market, sales of different coloured gold are rising steadily. More than a quarter of women are buying pink/rose or white

gold and this is especially notable among younger generations. Pink/rose gold now accounts for 25% of US retail sales and is popular with Gen Z and younger Millennials. It is a trend that shows no sign of abating. The blush colour of rose gold is being emulated by other industries and similar warm pink tones are appearing on smart phones, shoes and even cars. Rose gold offers women something different: the individuality of its colour. By adjusting the amount of copper added to the gold alloy the result can vary from warm gold to pink. Gold jewellery retailers need to respond urgently to tap into, and benefit from, this growing demand. 'On trend' rose gold is about more than colour – it is also about style. Our research shows that Gen Z in particular do not immediately think of gold when they want a luxury treat. For these consumers, as well as the important Millennials, jewellery retailers will need to create a desire for gold – and especially rose and white gold – if it is to win the battle against other jewellery types and other luxury product purchases.

“ In general I don't wear jewellery often and recently my interest has been in rose gold gifts. ”

MATURE UTILITARIAN, 35, HAWAII

¹⁴ www.platinumguild.com/pgi-releases-2019-platinum-jewellery-business-review-in-london/

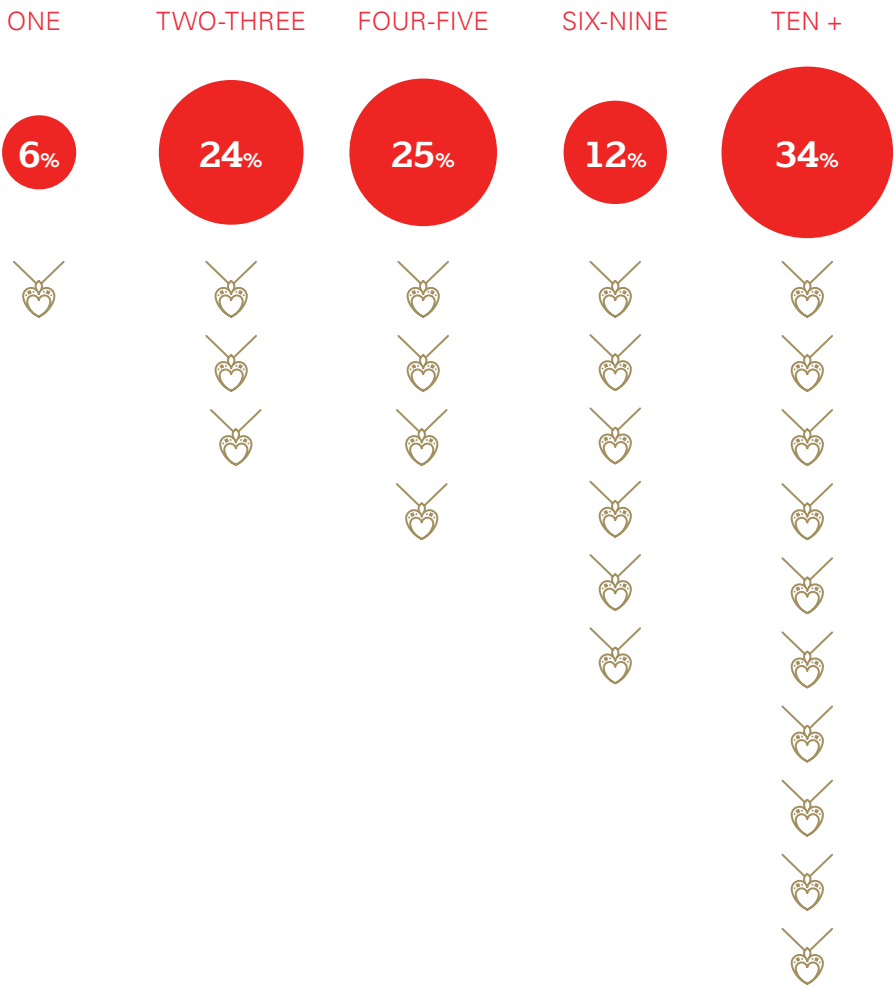
¹⁵ Source: PGI (Platinum Guild International), 2019

Jewellery saturation

The feeling of having enough jewellery – and therefore not needing to acquire more – is prevalent throughout the generations and across segments but, as may be expected, it is the older age groups where the emphasis lies. Among 55-65 year olds, 43% say they have enough already as do 36% of the 45-54 age group. This is a significant finding in our research and applies even when women have never

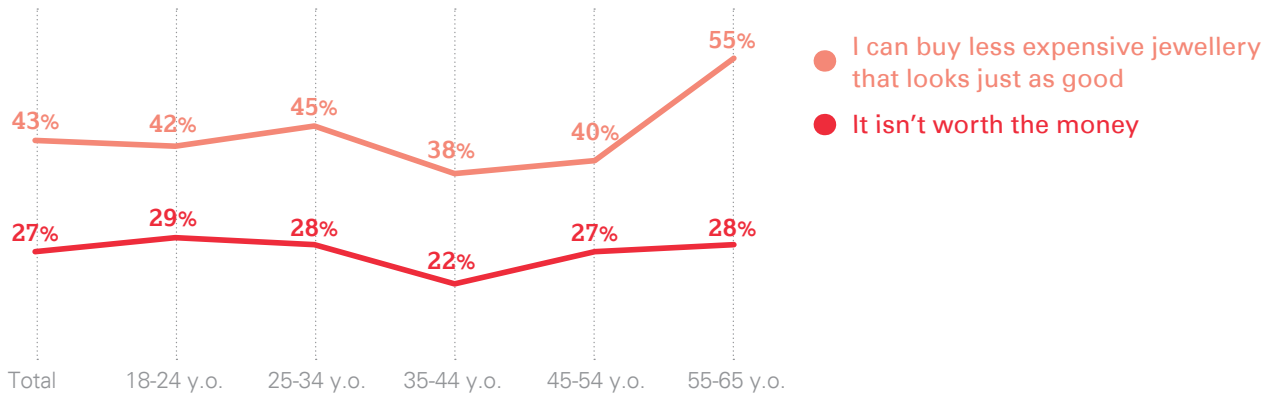
bought jewellery for themselves; presumably they have received gold through gifts or inheritance. Although 49% of respondents own some gold jewellery, only 43% have ever bought it themselves. But among women who do own gold, only one third own more than ten pieces, indicating possible headroom for gold if desirability can override the hindrance of saturation.

Gold owners: number of pieces owned



Top two value barriers

Among considerers who have never bought fine gold jewellery



Cost and value

Our research tells us that the value of gold is not well understood. Barriers relating to its value come across clearly. Among considerers who have never bought, more than a quarter (27%) do not believe gold is worth the money. We also found that a high percentage of women appear not to place great store by gold: they say they can buy less expensive jewellery that is just as good: 55% of women in the 55-65 age group cited this as a barrier to purchase, as did 42% of those aged 18-24.

The lack of understanding about the value of fine gold jewellery – and its investment potential – as well as barriers around style and fashionability, mean that American women often overlook gold. Many view fine gold jewellery purely as a cosmetic item and therefore fail to recognise its true worth. There are opportunities here to help women understand more about gold. And where barriers relate to cost, lighter-weight pieces that are more affordable are likely to be well received. Designs created with everyday wearability in mind could considerably widen the market for gold.

“ I prefer white gold or rose gold but I haven’t needed any. ”

YOUNG UTILITARIAN, 27,
PENNSYLVANIA

Lack of media presence

American women see little about gold in the media. The people they admire and watch do not endorse it and social media does not talk about it. Online sources of inspiration are important, especially to the younger woman. But further work can be done to ensure consumers can easily and effortlessly complete their digital purchase journey after seeking information online. Further ‘buzz’ in digital media is vital too. By comparison with the scale and sophistication of communications in other product categories – technology, luxury cosmetics and holidays, to name just a few – gold lags behind.

In a savvy marketplace, marketing will need to be aspirational and relevant if it is to strike a chord with the modern American woman. And at the heart of any campaign, design and style will be crucial.



Conclusion

Our research takes an in-depth look into the buying habits, attitudes and motivators of American women who are active consumers in the fashion and lifestyle category. And the insights it reveals are enormously helpful in highlighting how and where efforts should be focused to protect and grow the market for gold jewellery.

Gold jewellery is held in high esteem. It is valued as a symbol of tradition and a means of expressing sentiment. But it faces competition from other products in the fashion and lifestyle category. And there is a clear opportunity for market penetration: almost half of American women claim they have yet to buy gold but are open to doing so. This pool of potential buyers – ‘considerers’ as we call them – shared their concerns around buying gold jewellery, helping us to identify the barriers to purchase that should be addressed as a priority.

And their key difficulty is in finding gold jewellery that they like or that matches their taste and style. This is an issue for women of all age groups and highlights the need for greater variety in gold jewellery design to appeal to a wider range of tastes. Improving its online presence – with creative social media content, targeted marcomms and celebrity endorsement – would also raise awareness of the range of designs on offer and deepen its fashion appeal.

Market saturation – the feeling of having enough gold jewellery already – is a hindrance for considerers, despite this group having never

previously bought gold jewellery. If these women have been given or bequeathed gold jewellery, it may also help to explain their fashionability concerns: inherited gold might be of a style not suited to the modern women. Shaping the identity of gold jewellery as modern, wearable and individualistic is likely to help to overcome this perception.

The value of gold does not resonate with considerers. While American women generally say they appreciate gold’s durability and long-lasting value, those who have not previously bought it do not appreciate its worth. This suggests a need to promote lighter-weight, more affordable pieces, while also playing up gold’s inherent financial value. Amid the current global climate of uncertainty and economic hardship, this messaging could land particularly well.

The insights and data presented here furnish the gold jewellery industry with invaluable knowledge around how its customers really feel about gold and the types of occasions when it is likely to come to the forefront of their minds as the ideal choice. This opens up the opportunity to position gold more firmly in these occasions, as well as to try and establish a foothold at those demand moments where it does not currently have a strong position. Just as important are the findings identifying the barriers to buying gold. Overcoming these challenges to make gold more accessible and desirable to this large pool of potential buyers would bode well for a healthy, vibrant gold jewellery market.

Methodology

To deepen our understanding of the gold market we commissioned global research agency, Hall & Partners, to conduct a large-scale programme of research into the global gold jewellery market. This research programme builds upon the survey we conducted in 2016.

The study captured the opinions of more than 6,000 global high-end fashion and lifestyle consumers. We surveyed at least 2,000 females aged 18 to 65 in each of the largest gold jewellery markets: India, China and the US. Within the US, we conducted 2,054 online interviews with consumers in cities across the US.

To understand the full range of threats and opportunities facing the

gold market we deliberately spoke not only to people who had bought gold in the past, but also to those who had not. The respondents were 'jewellery considerers' – defined as women who would consider buying jewellery and who had, during the 12 months preceding the survey, bought, gifted or received as a gift at least one item from a defined list of high-end fashion and lifestyle products. We spoke exclusively to women as they are the primary target audience for this category, and as the survey encompassed products they had received as a gift, potential purchases made by men were not excluded.

Fieldwork took place in Q2 and Q3 2019.

The logo for Hall & Partners is located in the bottom left corner. It consists of a green speech bubble shape pointing downwards and to the right, containing the text "Hall & Partners" in white. The bubble has a small tail pointing towards the bottom left.

Hall & Partners

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