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A Time for Diamonds

By Avi Paz

With the current economic downturn now a fact, consumers have been quick to reset their spending priorities and it is clear that luxury products are among the first items to be reconsidered on their shopping lists. Still, global uncertainty or not, the holiday season from Thanksgiving to Christmas has always been the most important sales window for luxury items. So the question remains, how will savvy consumers decide what luxury presents to purchase for their loved ones?

Over the past decades, the luxury product market has gone through many changes. First of all, the definition of luxury has changed. A generation ago, luxury products were just a small niche occupied by fine jewelry; high-end, luxury watches; furs and to some extent exclusive travel. However, in recent years the luxury product niche has expanded, and as a result has become far more competitive.

For instance, leisure travel has become an affordable luxury product for a large segment of the middle class, whether they are in the Americas, Asia or Europe. In addition, fashion products that in the past were just fashion accessories, such as women's bags and shoes, have been catapulted into the high-end luxury category. To illustrate, one understands that when a Place Vendome luxury company places an advertisement for an expensive ladies' bag on the back cover of one of the latest issues of International Herald Tribune's "T" luxury and style magazine, it is obvious that we're talking high-end. Yet another luxury category, although many may not view it as such, is that of electronics and communications. These "gadgets" range from expensive multi-functional mobile phones to a wide range of costly hand-held computers, etc.

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None of these products, however, have the long term staying power of fine jewelry, meaning jewelry fashioned from precious metals and set with diamonds. Fashion items such as a luxury ladies bags - often priced at thousands of dollars - will be discarded after a season or two as wear and tear take their toll and fashion trends change. In fact, the depreciation of such luxury fashion products is truly staggering. Travel, as pleasurable as the ad-hoc experience of new vistas and horizons may be, is over when it is over. Memories and many digital photos - the majority of which will never will see print - are all that is left the moment people return to their routines. Even more transitory are electronic gadgets that become outmoded the day they are purchased. The examples are endless.

So again we see the strong case for diamonds and jewelry for their timeless value. The giving of diamond jewelry, more than any other luxury product, has always been an expression of love and most often serves to mark yet another milestone in a relationship. Jewelry lasts. Not only because of the intrinsic value of its elements, but more importantly because of the inherent emotional value it triggers, confirms, reminds and perpetuates. I believe that all over the world the majority of my fellow diamantaires and jewelers are firstly in this fascinating business because of their love for the product and - absolutely - the romance that goes with it. As such we will continue to work passionately to preserve, advance and renew this message of diamonds and diamond jewelry as an expression of love, and, yes, optimism!

Avi Paz is president of the World Federation of Diamond Bourses (WFDB). He is also president of the Israel Diamond Exchange, with more than 2500 members one of the world's largest diamond exchanges and the owner of the Avi Paz Group of companies.

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