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# COVID – A Virus in the Industry

## A Gem Dealer's View

### 寶石商眼中 新型冠狀病毒疫情下的業務新常態

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作者描述在過去兩年半中，於新型冠狀病毒疫情影響下，寶石經營模式的改變，及銷售與供應運作的新常態。

The past two and a half years have undoubtedly been a tumultuous and difficult time in the gem and jewellery industry and for the wholesale coloured stone industry it has been no different. The shutdown and gradual reopening of travel and the cancellation of jewellery shows worldwide has been crippling to huge sections of the industry, forcing widespread changes in companies' business practices and sales strategies. It has also resulted in dramatic changes in client interactions and reinforced one of the most important factors in our industry, *Trust*. It has been a wakeup call to many in the coloured gemstone industry on the importance of having an online presence to connect with potential clients. As Covid also disrupted supply chains worldwide in virtually every way, leading to shortages of rough material for coloured gemstones which has only recently begun to recover, the importance of transparency in sourcing has also risen to the forefront, driven in large part by Millennials' focus on social responsibility.

Many of the previous slowdowns in the gemstone industry were the result of economic uncertainty or recession. Covid19 was completely different. In a way unfathomable when it first emerged in the beginning of 2020, the resulting lockdowns and travel bans enacted to protect the public health and safety effectively shut the world down. At the end of the strong gem shows in Tucson Arizona, sentiment had been positive for the coming year, then, just a short time later, many found themselves stuck at home, in some places unable even to travel easily to the office. Ours is an industry that was heavily dependent on in-person meetings where clients held gemstones in their hands to view them and to judge quality and worth. Now this was suddenly impossible. While Millennials and Gen Z were already comfortable shopping and communicating online for gemstones, for many in the industry,

particularly the older generations, this was not the case. For too many companies, not enough focus had been given to online sales channels. However, with no other options if they wished to survive, buying and selling had to move almost completely to chat/video apps, social media, and websites.

It is principally the younger generations that have driven a movement towards more transparency and social responsibility in the industry. Over the past few years, we have seen a growing number of clients asking for more information about stones and their sources. It has become increasingly important for designers, brands, and jewellers to be able to provide this information to their clientele and the responsibility falls to the suppliers to encourage and develop this. The further one gets down the supply chain the more difficult it becomes to establish the origin of material confidently, so it is important for it to be communicated clearly. At Nomad's, for the past few years now, it has been our practice, when we are buying lots of rough material or cut stones, to discuss with the dealers and brokers about where the material is coming from and the situation on the ground there, noting the mine if it is known, or the province, region, state if not. This information is recorded, and articles, books, and magazines are scoured for more details. We have created reports for our clients that explain where the stones come from, with information on the mine or region. This has given them the information to educate themselves and their clients further on the stones and has been well received. It is important to be honest when explaining how much is known or not known about the origins of material. In some cases, like aquamarine from Nigeria, the lots of rough from many different sources around the country are mixed together so it is generally not possible to identify a particular locale. Instead, only the country can be accurately identified. Gemmological Laboratories worldwide have been providing origin services for years, but they are generally limited to the more valuable gemstones like ruby, sapphire, emerald, and



spinel, as the origin can have an effect on the price. The demand we have seen recently for more information has not been based on its effect on the price, but instead on the social responsibility aspect and the desire to know more about the countries and communities the stones are coming from.

During these first months of the lockdowns, in mid 2020, demand came to a standstill. It wasn't until the end of 2020, that it began to pick up again. When it became apparent that clients were unable to come inside the stores or were uncomfortable about doing so, jewellery stores in the US began to offer curbside services and video showings. And as it turned out, with clients stuck at home, unable to travel for leisure and spend on dinners out, many seemed to turn to online retail therapy, so the jewellery sector benefited as well. Many Jewellers I talked with said that they actually had positive holiday season sales considering the situation.

As 2021 arrived, the worldwide market was moving forward. Demand continued to recover, though with travel and shows still on hold, many jewellers had no alternative but to turn online in their search for stones. Social media such as Instagram came to the forefront as a way to show stones to a wide range of people quickly. The viewing of stones, which would normally have been done in an office or at a show moved to chat apps like WeChat, Telegram, WhatsApp, and Facebook Messenger. Virtual viewings were held where the sellers had to become the clients' surrogate eyes and hands, sending pictures and videos, louping stones and describing colour and appearance.

In order for clients to feel at ease when considering and buying online there are two extremely important factors that must be addressed.

First and foremost is a clear and fair returns policy. Without the ability to return a stone they have never actually seen, no client will be comfortable making a purchase. This has been doubly important during the past 2 years where buyers who would not normally have bought online have been forced to do so because there have been no other options. This requires trust from both parties, but even more so the buyer, as most companies require payment up front, to be returned if the stone does not work for the client. Facebook and social media are unfortunately full of stories where this trust has been broken, where colour and quality have been misrepresented or where completely different stones (of a much lower quality) have been sent or, in the worst cases, nothing sent at all. It is an unfortunate reality, in an industry built on trust, that these events occur and cause widespread repudiation in the industry as a whole. It is also

the reason that relationships are so extremely important. In my view, it is the responsibility of the seller to go out of their way to assuage the concerns of their clients and do everything they can to make them feel comfortable and able to trust when buying online, not just for the individual relationship, but for the industry as a whole.

Next, and equally important, is describing the stones clearly and honestly to the client. Explaining, truthfully, the colour, cut, and clarity; being open with any flaws, however minor or major, the stone might have. It is always better for a buyer to receive a stone that they feel is better than they had expected than the opposite when they will feel they have been deceived.

The process is started by finding out what the client is searching for and then taking pictures and videos of groups of stones.



Next, narrowing down the selection and taking individual pictures and videos.



I describe the colour and take pictures through a loupe of any inclusion, even if very small.



In some cases clients might receive the stone and reply that they couldn't find the tiny crystal I had mentioned. But it is always better to be overzealous in our descriptions. It builds trust that you are looking at the stones with their best interest in mind.

While in the US, stone selections could be sent to clients for consideration quickly and safely and also returned to the vendor easily, in places like Asia the cost to import and export stones made this less feasible. There was no alternative. Business had to move online. My own experience was that from mid 2020 to the end of 2021, 99% of my communication and business was via email and chat app whereas previously it had been perhaps 20%. Only when travel began to open up towards the middle to end of 2021 did we start to see international clients begin slowly to come into the offices again. Fortunately, in 2022, many shows have now resumed, but in Asia, without the Hong Kong shows, or at least those HK shows that are held being accessible to international participants, business continues to be overwhelmingly through

online communication, though in-office visits are increasing.

The lockdowns also affected the supply of gemstones at every level. For a time, mining was effectively halted in most locations, trading centres were shut down, exports/imports slowed or stopped because government agencies were not available, and flights were reduced so shipping times increased. In Thailand, we saw very little new material for almost a year. It wasn't until flights were resumed and borders opened, towards the end of 2021, that we began to see an increase in the material coming to market. This reduction in supply pushed up what were already increasing prices of rough material. Now two years later, supply of rough from many sources has yet to return to its pre-pandemic level, though more material seems to reach to the market each month, and the new production is a welcome sight.

### Conclusion

The impact of Covid on the gemstone industry cannot be understated. The *one-two* punch of closing of borders to travel and lockdowns, and the resulting economic slowdown this caused has dealt serious damage to the trade, from which it will take time to recover. For a time, the cancellation of shows worldwide, which was the main avenue of buying for many jewellers, designers, brands, and dealers, was effectively halted. However, in the end, some good can be seen to have come from all this. It has forced the industry to innovate and grow and to move towards social and online media in a way that might not have been possible otherwise and certainly would have taken a lot longer. The industry has also learned the importance of paying attention to the younger generations, *to who they are, and what they want*. They have seen the need to provide clear and accurate information on origin and traceability to their clients, and also learned how to guide the less tech savvy generations online.



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