



# What value is your diamond valuation?

As he navigates his way around the industry Michael Hoare picks up comments, opinions and ideas of importance to our industry. Here he discusses a worrying certification issue that is alarming an increasing number of NAG members.

There is a serious problem in the world of diamonds which could undermine public confidence in the honesty of jewellers and the true value of diamonds – even more so in these straightened times. As consumers' disposable income has declined, so they are shopping around more for 'best value'. In fact a recent survey in the U.S. indicated that most engagement ring customers research diamonds on the internet prior to purchase. They are also more likely to seek reassurance that their purchase, one of the most significant of their lives, represents real value for money; often relying on diamond certificates for this purpose.

Yet I constantly hear retailers and valuers saying that they believe certain certificates are "not worth the paper they're written on", and some laboratories "constantly exaggerate their grades by up to four grades higher than others. "If this is true, then can any certificates be relied upon to represent the 'true' qualities, and therefore the value, of a diamond? Also, if some jewellers turn their diamond stock

over to these certificates to give the illusion of better value, are the public being deceived? And at the same time, are some retailers being penalised for looking expensive by comparison with exaggerated grades?

Most important of all are young couples – saving hard to purchase such an important symbol of their love and trusting their jeweller – being duped into purchasing a ring of less value and quality than they have been led to believe?

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One NAG member was so concerned by what he had seen that he decided to get three diamonds, selected at random from his stock, certified by a selection of individual laboratories, as he put it, to "test fact from rumour". He was astonished by the results, and found that one laboratory's assessment

added an average of 45 per cent to the notional value of the sample stones. He continues: "We recently test-purchased in a jewellery store primarily selling these certificated diamonds. They quoted an unbelievably low price for a high quality stone. They confidently purported to be the best value diamond retailer and even showed the customer a similar stone of a much higher price on the website of a famous multiple high street retailer and NAG member. Another member tells me that he has a ring with a dubious assessment (D, VS1) that he is going to sell as non-certificated, as he is concerned about having the item valued in the future and his inability to defend the certificate."

So, not only is the variability of certain certificates making comparative shopping a futile exercise, they are potentially storing up trouble for retailers who rely on them to support their price proposition. Customers are not only more 'net' savvy; they are also a lot more litigious and it is the 'seller' who carries the responsibility.

All jewellers accept that they operate in a competitive market, but most would expect to do so on a level playing field. Equally, most customers realise that prices fluctuate in line with other factors, and accept that knowledgeable staff, a luxurious ambience, and first class aftercare may add a premium to price. They do not expect some jewellers to behave like the equivalent of second hand car salesmen who 'clock' the mileage of their cars.

Fundamentally customers expect to be able to 'compare apples with apples'. But this is where the flaw in the system lies. While everyone has been encouraged to see diamonds as a 'commodity', they do not realise that there is no international standard governing diamond appraisals. But without

this the last defence of the unscrupulous is that all certificates are just based on someone else's opinion. Another retail jeweller put it in stronger terms: "What is happening is deceitful – duping the public and taking sales from the honest retailers. It's the same as selling a Fiat as a Ferrari," What do you think?