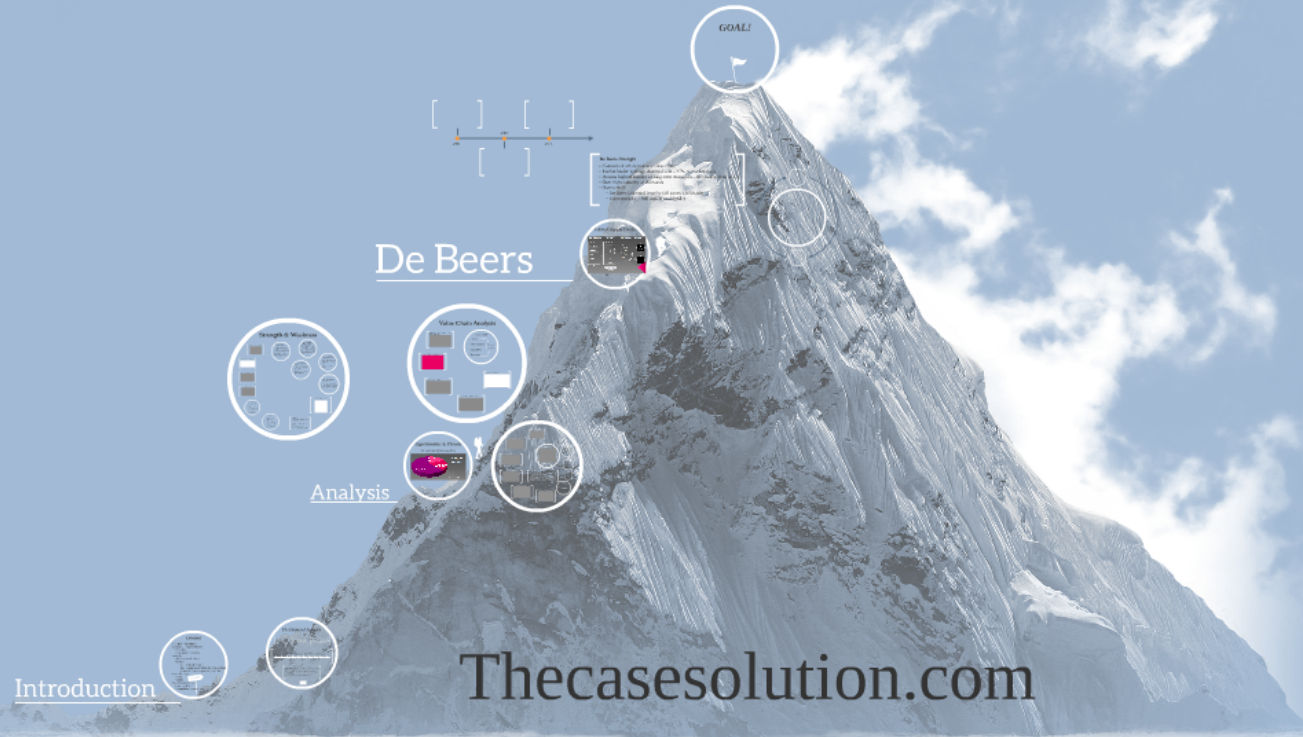


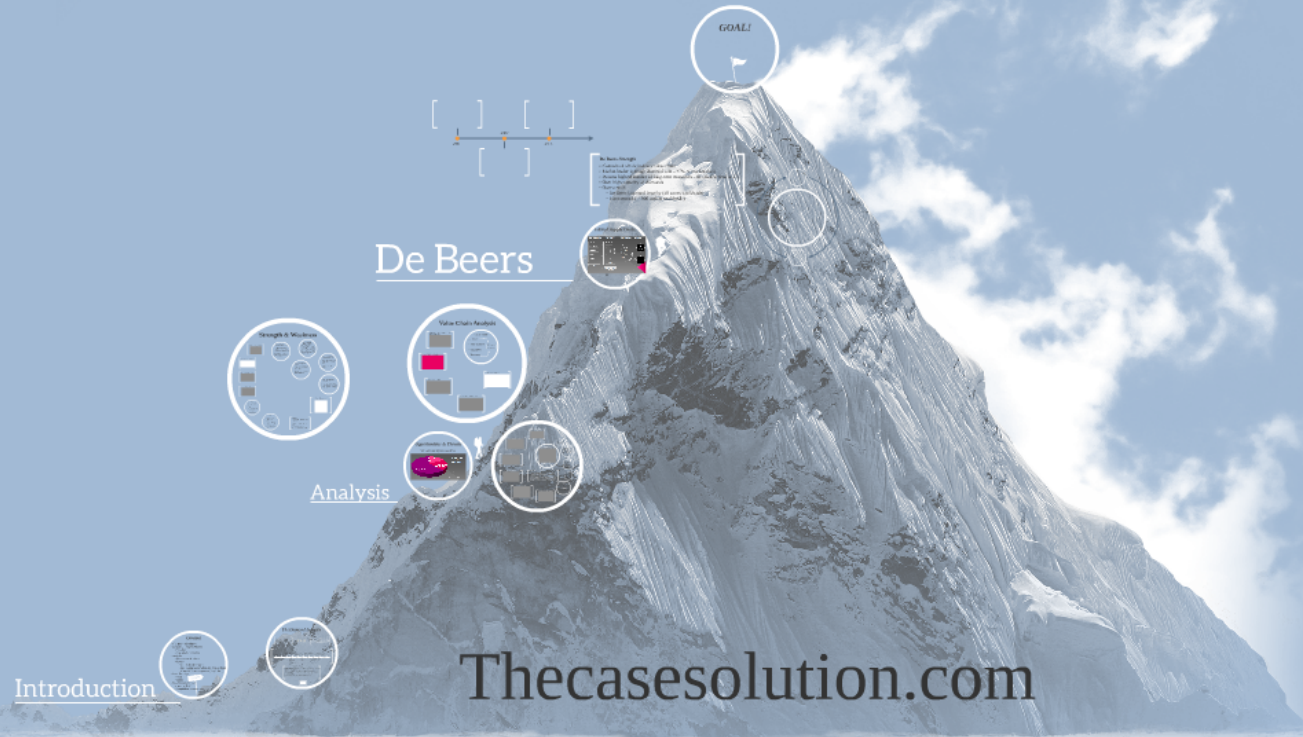
The De Beers

Group Exploring the Diamond Reselling Opportunity



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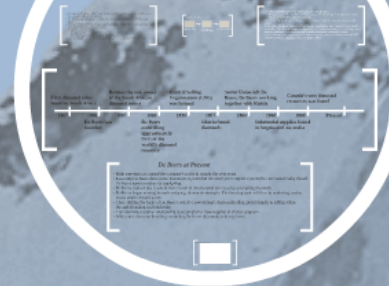
Introduction

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- The Diamond Industry
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 - Timeline
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 - SW - Competitive Advantage (Value Chain Chart) & Core Competency (Org Chart)
- Identified Gaps
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 - Increase Retail
 - Acquisition of new mines

SUMMIT

The Diamond Industry



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The Diamond Industry

- Diamond, is one of the world's major non-renewable natural resources, contributing to vast economic influences worldwide.
- The current largest producers of diamonds are: Botswana, Australia, Zimbeabwe, and Russia.
- Estimated US\$2.3 billion worth of rough diamonds are produced per year, with more than 65% sourced from the African countries.
- Two main uses of diamonds:
 - Jewellery (48% of total production)
 - Industrial/Applications (52% of total production)
- If put to industrial use, diamonds would fetch a price of US\$2 to US\$30 per carat.



- Jewellery diamonds can fetch a highly desirable premium price.
- By appealing to the customers' sentiment, diamonds are one of the most precious luxury items and enjoy almost global acceptance.
- The strength of the diamond industry is often attributed to the history of one company: **De Beers**.
- In the 1980s, De Beers, founded by Cecil Rhodes, used to be a highly successful and effective controller of the diamond market, having developed a unique purchasing and marketing strategy that has influenced prices in the market virtually undisturbed for almost a century.
- Global diamond Jewellery (retail) sales continue to grow, currently worth in excess of US\$72 billion every year, increasing a fold in the past 25 years.



De Beers at Present

- High carrying cost caused the company's profit to remain flat over years
- Lowering De Beers share price. *Coming to a point that the share price may be expected to rise considerably should De Beers were to reduce its stockpiling.*
- De Beers realised that it would lose control of the diamond price just by stockpiling diamonds
- De Beers began moving towards reducing diamonds stockpile. The freed up cash will flow to marketing, and to create chain of retail stores
- Thus, shifting the focus of De Beers towards a new strategy; from controlling global supply, to adding value through Branding and Marketing
- Transforming customer relationship to accomplish a 'new supplier of choice' program
- With a new focus on Retailing; marketing De Beers diamonds as luxury items



- *Diamond: is one of the world's major non-renewable natural resources, contributing to vast economic influences worldwide.*
- *The current largest producers of diamonds are Botswana, Australia, Zimbabwe, and Russia.*
- *Estimated US\$13 billion worth of rough diamonds are produced per year; with more than 65% sourced from the African countries.*
- *Two main uses of diamonds:*
 - *Jewellery (40% of total production)*
 - *Industrial Applications (60% of total production)*
- *If put to industrial use, diamonds would fetch a price of US\$2 to US\$30 per carat.*

- *Jewellery diamonds can fetch a highly desirable premium price.*
 - *By appealing to the customers' sentiment, diamonds are one of the most precious luxury items and enjoy almost global acceptance.*
- *The strength of the diamond industry is often attributed to the history of one company; **De Beers**.*
- *In the 1880s, De Beers; founded by Cecil Rhodes, used to be a highly successful and effective controller of the diamond market, having developed a unique purchasing and marketing cartel that has influenced prices in the market virtually undisturbed for almost a century.*
- *Global diamond jewellery (retail) sales continue to grow, currently worth in excess of US\$72 billion every year, increasing 3 fold in the past 25 years.*

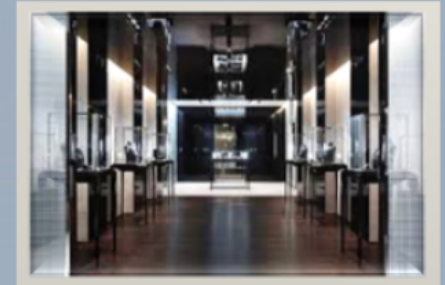
Diamond Business Model



Upstream - Mines



**Middle Market -
Cutting & Polishing**



Downstream - Retail