

Mba content series case study

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MBA content series, I'd like to highlight a case study we ran through last term on Dabbers. It's a pretty standard study that I expect a lot of business schools use. I hope you'll find it illustrative.

Almost every business school student knows that the value of diamonds is vastly inflated, and in large part that's due to the work of the Dabbers company. In a nutshell, here's how they did it: Through a series of nifty deals, they chief all of the diamond mines they could lay their hands on.

Initially, these were all located in the same area, making this possible. This gave Dabbers a virtual monopoly on diamond production. Dabbers mined at a regular rate, but stockpiled most of it, only letting a trickle out into the market. This artificial scarcity is what drove prices up.

If another mine came online that didn't play ball, Dabbers would flood the market with specifically the type of diamond that mine produced, driving down their revenue stream. Then, an awesome marketing campaign.

The phrase "Diamonds are Forever" is a product of the Dabbers company. As a result, engagement and wedding rings almost always have one or more diamonds in. They then moved to control the distribution chain, by being pretty rapper to Jeweler.

Since DB had monopoly of the product and created demand, the distribution chain were left with little leverage. So, everything was hunky-dory, until a few things happened: Those pesky miners kept discovering mines in different places.

Dabbers normally just bought the things, but they couldn't keep on doing that. As soon as their production monopoly started to disappear, distributors got an incentive to go elsewhere. Since the marketing campaign was about diamonds rather than Dabbers, suddenly their traditional marketing campaign was working for their competitors.

Everybody went to the Blood Diamond. Rhea answer? Dabbers was and is awesome at marketing, so they shifted to market Dabbers diamonds instead of diamonds generally.

They certified that their diamonds are conflict free. And the biggie – they opened retail stores, and started making jewelry. And I found myself walking past the Dabbers shop in London the other day. Here's what it looks like. Has going into retail the right direction? There's no easy answer – they are now able to market directly to the consumer a product that can be tied directly to a store and a retail experience, but they are in direct conflict with their own distribution channel.