

# De beers case study

Education



PEST Analysis Political: Most significant troubles for De Beers are due to government consequences in the United States due to diamond warfare in West Africa, diamonds are commencing to run by the destroyed areas of Republic of Sierra Leone as well as Republic of Angola, along with in Soviet Russia, mines are comprising controlled topically as contrary to together with De Beers. Economic: With a possible increase in diamond gross sales anticipated in the United States, stresses the fact that De Beers be abandoned in company merchandising as well as gross sales endeavor.

Diminish in costs can severely hurt De Beers as well as the whole diamond manufacturer. Another problem De Beers is facing is company technique of bracing the diamond cost. Technology: By marketing for diamond merchandisers by the Central marketing company in Greater London, as well as ascertaining the supplying of diamonds provided for these merchandisers, De Beers assure what stones embark the marketplace at what cost. This exclusive dispersion line has comprised at the center of company power to determine the diamond marketplace. Social:

The symbolization of romance with diamonds has been in play for years. With the supply growing diamonds have continued the rise of uncommon and appreciated goods. Legal: Alterations to lawmaking. This might affect work, approach to stuffs, quotas, resourcefulness, consequences or exportations, revenue and so forth. Environmental: What is passing off with reference to ecologic as well as environmental consequences. Numerous of these components would be economical or sociable in nature.

## **SWOT Analysis:**

### **Strength:**

- De Beers employs approximately 20, 000 people around the world?
- It is one of the biggest companies in the diamond industry, mining, trading and manufacturing?
- Offers premium diamond jewelry which include necklaces, rings, bracelets, gifts etc. through 50 exclusive stores globally?
- Strong brand name and brand equity globally?
- De Beers is known for its association with international celebrities as brand ambassadors?

### **Weakness:**

- Strong competition from other brands means limited market share growth?
- Preference of people choosing gold over diamond, making it a premium product for occasions

### **Opportunity:**

- It can increase its presence in global markets? .
- Acquisition of smaller businesses to increase brand position and reach?
- Tie-ups with corporate and business partners

### **Threats:**

- Trends change quickly,
- Economic fluctuations mean people decrease their spending?
- Government policies, taxes etc. also affect the premium jewelry segment

**Five Forces Substitutes:**

- No substitutes for diamonds
- Cultural history
- High cost of entry
- Social Issues and status

**New Entrants:**

- Substantial brand name
- High cost of entry
- Existing mining relationships
- Access to new mines
- Control of output

**Customers:**

- No substitutes for diamonds
- Customs and traditions
- Quality of product
- Not a necessity (luxury item)

**Suppliers:**

- Controls output
- Alliances
- Cash on delivery

**Competitive Rivalry**

- Strong brand
- Trust already built with customers
- Expertise
- Control of output

t De Beers lost its grip on the market when the Soviet Union collapsed, which weakened their partnership, huge mine broke off from the cartel in Australia, new mines in Canada were discovered, and the rise of popularity with synthetic diamonds. De Beers decided to stop trying to control the market and instead focus on using its brand and marketing.

De Beers devised a marketing plan that included public relations, and direct advertising in print and radio. To try and maintain its leading role in the market De Beers carried out monopolized practices. The company used different methods to exercise this control over the market: First, it convinced independent producers to join its single channel monopoly, it overloaded the market with diamonds similar to those of producers who refused to join the cartel and last, it purchased and stockpiled diamonds produced by other manufacturers in order to control prices through supply.