

De Beers Mulls Its Partners' Changing Expectations



Certain expectations come with being [De Beers](#) CEO, of which Al Cook appears acutely aware. Reflecting on his first 100 days in the job, the former energy executive is coming to terms with the dynamics of the diamond industry “above the ground,” he says. As a trained geologist, he claims a long-standing passion for what happens to a diamond before it reaches the earth’s surface.

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“What has been extraordinary for me is how diamonds are so affected by every aspect of the world,” Cook observes in an interview with *Rapaport News* during the [Las Vegas shows in early June](#). “Whether it’s geopolitics, the state of the economy, technology and innovation, how many complex relationships there are in the industry, and how much diamonds are part of the way the world works in every sense.”

Within that context, his initial vision for the company is threefold. First, to “remain the partner of choice” for governments, shareholders and consumers, as “even for a company that has been around for 135 years, you’ve got to earn the right to exist every day, and to be relevant in the future,” he emphasizes.

The second element is to accelerate De Beers’ investment in technology, “to make sure we have solutions that our customers really want and that are better than any of our competitors,” he adds, referring to innovation both in mining and in enhancing its marketing reach.

Thirdly, Cook sees an opportunity to do “even more” with the De Beers brand. Whether the company can use the brand differently and build a bigger presence with its customers and those who wear De Beers diamonds are questions he’s grappling with.

Beneficiation talk

Since taking office, Cook has had the usual initiation into the industry. That included visits to De Beers’ operations, meeting shareholders in the manufacturing and trading centers, and attending the Las Vegas shows to get a sense of the important US market.

But he also came on board as negotiations with the Botswana government for a new 10-year marketing agreement and a 25-year mining license in the country were coming to a head. A final deadline for the deals has been set for the end of June, after being delayed three times from their initial 2020 schedule.

Cook recognizes that expectations of De Beers have evolved among its government partners, as they have among consumers and its midstream clients.

“Things are changing fast, expectations are changing fast, and we need to make sure we change even faster to ensure that our future is as long as our past,” he stresses. “Countries want more beneficiation — more opportunity to benefit from technology and knowledge, rather than simply the rough diamond.”

Beneficiation is the process of adding value to a producer country’s mining operations by enabling services further along the supply chain such as manufacturing and trading. It has dominated De Beers-Botswana discussions for more than a decade.

As per the previous marketing deal, De Beers moved its aggregation and sorting operations to Gaborone, siphoned more rough for manufacturing in the country, and gave up 10% of Botswana production so the government could conduct independent sales through the newly established Okavango Diamond Company (ODC). Okavango’s share grew to 15% after five years, in line with the agreement. It rose to 25% when the contract expired in 2021.

Telling a story

While speculation has been rife that the negotiations stalled over how to build on those structures, the parties may face limitations regarding further steps. Cook was tight-lipped on the details of the current talks, emphasizing the role that De Beers can play in harnessing Botswana’s brand across the diamond pipeline — including within the consumer mindset at the retail level.

Consumers’ interest in the countries and communities from which their diamonds come creates a real opportunity for De Beers and the country, he notes.

“As a geologist, I’m fascinated by the volcanic origins of a diamond, but we can tell an even better story about the diamond above the ground and the good it has done in the producer countries before it comes to a retail store,” he explains. “That’s the piece where I think we can work together to tell the story of provenance that people are increasingly interested in.”

Provenance has become central to De Beers' strategy in 2023, as it has for the broader diamond industry. The war in Ukraine, and subsequent US sanctions on Russian diamonds, accelerated the need for source disclosure throughout the diamond value chain.

For its part, De Beers is confident it can tell the story of each diamond now that its Tracr blockchain is in full development. The company opened Tracr to the broader industry in early June and unveiled its Origin suite of services — a marketing program powered by its grading division, De Beers Institute of Diamonds, built around De Beers goods that are on Tracr. The company will also launch Origin Story — slated for the first quarter of 2024 — as a tool that retailers can use to enhance their storytelling around their De Beers supply.

Cook believes the company can leverage its association with its producer partners — Botswana, Canada, Namibia and South Africa — along with its own name recognition to create added value for itself and its government partners, particularly Botswana.

Growing De Beers retail

To that end he emphasizes the role De Beers Jewellers, its eponymous retail division, can play.

“There is an opportunity to evolve and expand our retail offering in terms of quantity and size, allowing more people to buy a diamond from De Beers Jewellers, but also to expand it in terms of quality,” he shares. “We can tell the incredible story of the good the diamond has done from the moment it came out of the ground to the moment it went on someone’s finger in a way that no other company in the world can do.”

That marks a change in De Beers' focus on retail, as it has spent the past 15 years

developing the Forevermark brand.

The company wants to leverage its strong name recognition as much as possible. It renamed De Beers Jewellers, dropping “diamonds” from the title, and also rebranded Forevermark as De Beers Forevermark. The strategy extended beyond its retail operations to align the group into one “De Beers” corporate identity with a common goal, former CEO and current cochairman Bruce Cleaver explained in an interview last November.

The shift has been noticeable in its recent marketing spend, where the emphasis has been on De Beers rather than Forevermark, notes David Prager, De Beers’ executive vice president and chief brand officer. He notes the recent “Where It Begins” campaign demonstrated that awareness, trust and recommendations for Forevermark went up as a result of concentrating more marketing dollars behind the De Beers name. It creates a benefit for both brands, he adds, citing data about the campaign.

Cook is confident in the value Forevermark brings to De Beers and its retail partners in the program, which now also profit from their association with the De Beers name in their stores, he notes. But the executive recognizes that Forevermark “can’t stand still,” as technology and changing consumer demands mean the brand needs to adjust with the times.

Building a Botswana brand

He again points to the company’s ability to tell a compelling story about each diamond — “something those who launched Forevermark in 2008 could never have dreamed of,” he suggests. That’s where he sees De Beers maintaining its leadership role in the industry and managing the changing expectations of consumers, sightholders and its government partners, “to create value from diamonds in the way we have done for more than a century.”

But while De Beers can use the Botswana story to manufacture value for its own brand, can it do the same for Botswana, whose government is looking to enhance its

beneficiation program and harness its reputation to increase revenue?

“That’s exactly the challenge that we need to take on,” Cook agrees. “We need to demonstrate that we’re bringing value to our producer countries through the enhancement of their brands, through the interest that people have in knowing where a diamond comes from. And we need to work with them to do that.”

Image: Al Cook. (De Beers)