

# WATCHES AND JEWELRY

## US, 2021



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# OVERVIEW

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## What you need to know

The adoption of ecommerce is increasing across categories, and watches and jewelry are not being left behind. The majority of consumers (57%) are comfortable buying these items online without seeing them in person. Besides the acceleration of ecommerce, the pandemic has brought on a greater focus on value and a shift in how people dress, aspects that will directly and indirectly impact consumers' shopping decisions on the category moving forward.

One threat to the category is the number of consumers *not* shopping for watches and jewelry. Over the past 12 months, 44% of US consumers didn't purchase items within the category. That said, while they haven't shopped the category, it is still important for brands and retailers to address this share of consumers and look to spark their interest in self-purchases or during gifting occasions.

Looking ahead, revenge spending and return of in-person celebrations will drive purchases for the category. The shift to online channels will bring greater competition and opportunities to engage with consumers. Reset expectations in terms of the tech solutions and ethical and sustainable practices will challenge the sector to evolve – leading to new products and ways to reach consumers.

## Key issues covered in this Report

- The impact of COVID-19 on consumer behavior and the watches and jewelry market.
- Items purchased and reasons behind purchases.
- Preferences for stones and materials.
- Attitudes and preferences when shopping for watches and jewelry.

## Definition

For the purposes of this Report, jewelry includes costume jewelry (made with inexpensive materials or imitation gems) and fine jewelry (made out of precious metals, such as gold or platinum, which may also contain precious gemstones). Items include earrings, bracelets, necklaces, and rings as well as watches for both women and men.

This Report builds on the analysis presented in Mintel's *Watches and Jewelry – US, 2019* and the 2017 edition. Smartwatches are referenced and included in this Report but were covered in greater detail in Mintel's *Wearable Technology – US, 2021*. Smartwatches are defined as mobile devices with a touchscreen display, designed to be worn on the wrist.

The consumer research in this Report was fielded in June 2021. The Report was written in August-September 2021 and the analysis reflects the state of the category and pandemic during this time.

## Economic and other assumptions

*Mintel's economic assumptions are based on forecasts released by the CBO on July 1, 2021. The CBO expects US real GDP to increase 6.7% for the year (vs the 3.5% negative annual growth for 2020). The CBO projects the unemployment rate to average 5.5% for the year, down from earlier projections of 8.4% and in contrast to the 8.1% average rate for 2020.*

## COVID-19: US context

*The first COVID-19 case was confirmed in the US in January 2020. It was declared a global health pandemic and national emergency in early March 2020. Across the US, various stay-at-home orders were put in place in spring 2020, and non-essential businesses and school districts closed or shifted to remote operations. The remainder of 2020 saw rolling orders, as states and local governments relaxed and reinforced guidelines according to the spread of the virus in each region.*

*Vaccine rollout began in December 2020, and has continued throughout 2021. Mintel anticipates business operations in the US will remain in a state of flux through 2021 as vaccines are administered and social distancing restrictions and capacity limitations are relaxed. The rapid spread of the Delta variant may result in increased restrictions in some areas of the country.*

# EXECUTIVE SUMMARY

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WHILE INITIALLY HIT BY THE PANDEMIC LOCKDOWNS, WATCHES AND JEWELRY HAVE SEEN A QUICK RECOVERY AS CONSUMERS CAUTIOUSLY RETURN TO MORE “NORMAL” LIFESTYLES AND THEIR CONFIDENCE TO SPEND SLOWLY IMPROVES. CONSUMERS CHANGING SHOPPING BEHAVIORS, TOGETHER WITH ETHICAL AND SUSTAINABLE PREFERENCES, WILL DRIVE THIS SECTOR TO AN UNPRECEDENTED TRANSFORMATION IN THE MONTHS AND YEARS TO COME.

Marisa Ortega, Cross-category analyst

”

## Top takeaways

### Crises bring challenges and opportunities

The sudden impact the pandemic had on consumers' lifestyles with stay-at-home and social-distancing mandates reduced the use and need of watches and jewelry. As consumers adapted to the circumstances and adopted new ways to shop, the category has rebounded. Retailers are now urged to modernize and find new routes to communicate, engage and sell to appeal to consumers' changing needs.

### The time for transformation is here

There is no going back for retail; technology must be embraced in its totality as a way to move forward and better serve consumer needs. A focus on omnichannel offerings; leveraging social media, data and tools to offer more personalized options; and better inventory management with traceability are all areas of opportunity for brands and retailers to explore and ones that will enhance the shopping journey.

### Ethical and sustainable practices are becoming a focal point

Consumers' increased focus on preserving the environment and its finite resources is playing an important role in purchasing decisions. While not currently a driving factor for all category purchases, brands that focus on highlighting efforts such as sourcing practices, recycling materials and stones, or adopting alternative shopping options can appeal to consumers' underlying preferences. This is a massive opportunity to drive positive change and capitalize from a competitive advantage, especially among young generations.

## Market overview

After a positive performance between 2016-19, watches and jewelry decreased 0.5% in 2020 from 2019 – with the watches segment decelerating the most. Overall, lack of use and need of watches and jewelry during lockdowns lead to a downturn in demand. Still the category saw a quick recovery during the second half of the year, as a result of summer months and holidays season demand.

With increased vaccination rates, consumers are cautiously returning to their pre-pandemic lifestyles. More occasions to dress up and reasons to buy are expected to drive the demand for watches and jewelry. In 2021, the market is estimated to reach a value of \$68 billion and accelerate at 3.2% over 2020.

FIGURE 1: TOTAL US SALES AND FORECAST OF WATCHES AND JEWELRY MARKET, AT CURRENT PRICES, 2016-26

Year	\$ billion	% change	Index (2016 = 100)	Index (2021 = 100)
2016	60.13	-	100	88
2017	63.14	5.0	105	92
2018	64.50	2.2	107	94
2019	66.55	3.2	111	97
2020	66.18	-0.5	110	97
2021 (est)	68.31	3.2	114	100
2022 (fore)	70.59	3.3	117	103
2023 (fore)	71.74	1.6	119	105
2024 (fore)	72.73	1.4	121	106
2025 (fore)	74.57	2.5	124	109
2026 (fore)	75.95	1.9	126	111

Note: smartwatches are not included on the market size

Source: based on US Bureau of Economic Analysis; US Census Bureau, Economic Census/Mintel

For the rest of the forecast period, the market will stabilize its trajectory and present a conservative growth with a 2.1% annual average growth rate over the next five years. Jewelry is expected to outperform the watches segment which will be impacted by consumers' spending and continued inclination toward smartwatches.

*The forecast and analysis provided reflects an estimated range of the market's prospects in the light of the upheaval caused by the COVID-19 crisis. This forecast is driven by our understanding of consumer behavior in this market, alongside an evaluation of how exposed this sector is to the crisis, and how quickly demand will return to previous levels once a degree of normality returns to the market.*

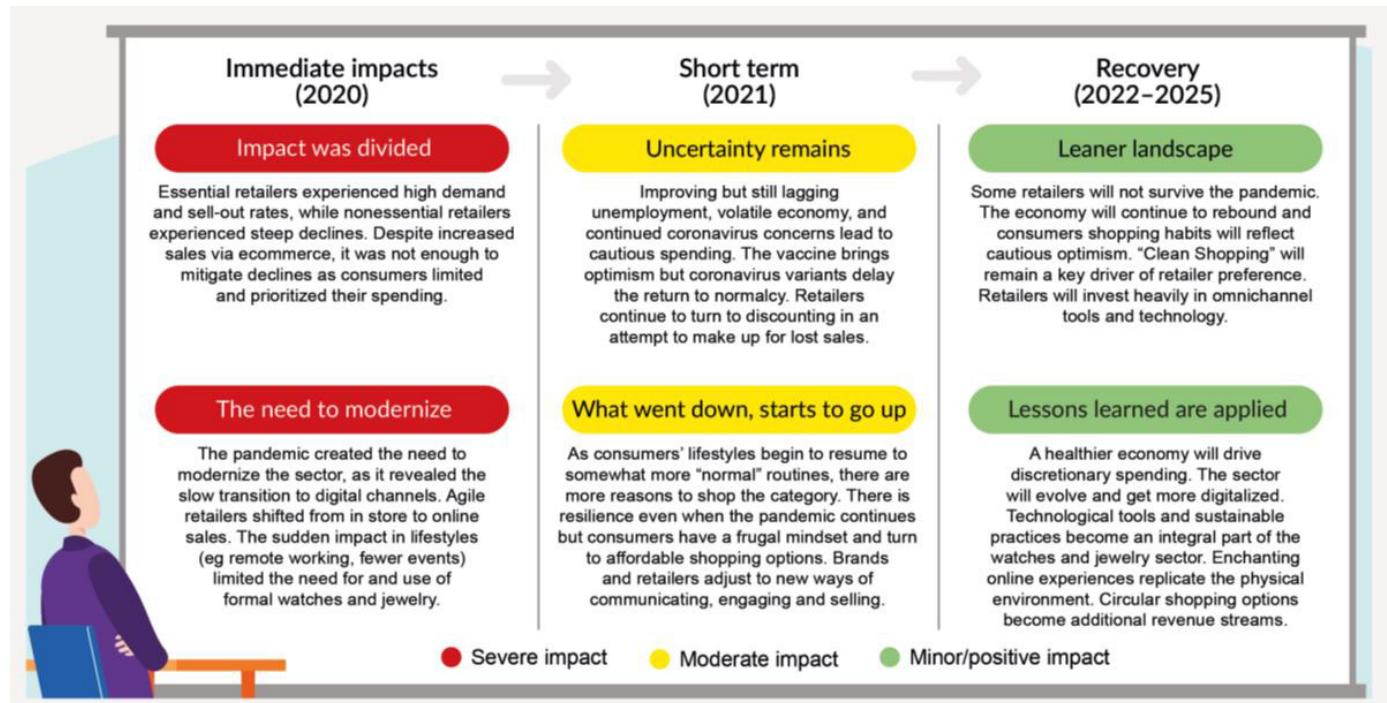
## Impact of COVID-19 on Watches and Jewelry

Initially, with limited need and use of formal watches and jewelry, these categories lost consumer demand. As consumers slowly return to pre-pandemic lifestyles and activities, they have more opportunities to dress up, so these categories have seen their way back. Financially, the pandemic impact has not been the same for all. The varying financial impact of the pandemic on consumers will lead to differing product needs and preferences while shopping the category. While some are struggling to regain financial stability and are looking for affordable shopping options, others have increased their savings due to lack of travel and leisure spending, and may turn to watches and jewelry as luxury, investment pieces.

Overall, the pandemic has created the need to modernize for the watches and jewelry category. As consumers shift to digital channels and place increased focus on what matters to them, brands and retailers must adjust to new ways of communicating, engaging and selling. Moving forward, technology and sustainability will be an integral part of the watches and jewelry sector.

The following Figure provides a traditional stoplight analysis of the impact of COVID-19 on watches and jewelry, which includes Mintel's analysis for when we anticipate consumer behavior to resume to more normal or traditional levels prior to COVID-19.

FIGURE 2: SHORT-, MEDIUM- AND LONG-TERM IMPACT OF COVID-19 ON WATCHES AND JEWELRY, 2021



Source: Mintel

## Opportunities and challenges

### COVID-19 cases and concerns create challenges

The rise in COVID-19 cases and concerns around the Delta variant can continue to create challenges for the watches and jewelry market. This could drive consumers to revert back to fewer activities and working from home (and perhaps even being mandated to do so), consequently, less use of and need for watches and jewelry. Shoppers will also likely stay close to home rather than venture out to shop from new or specialty retailers. Instead, they will prioritize one stop shopping, ecommerce and local shops. Willingness to participate in experiential events at retail will likely decline if they are held indoors. Hence, brands should encourage consumers to wear the category with more casual and comfortable outfits. Prioritizing digital channels and clean shopping environments that contribute to consumers' feelings of safety will be critical as the pandemic continues.

### Take advantage of the spike in weddings

The pandemic has created disruption in many aspects of consumers' lives. As part of it, last year, some couples postponed their weddings and engagements. With the return of in-person celebrations and more financial stability, those postponed plans will be carried out in the months and years to come. That said, there will be an uptick in demand for engagement rings, wedding bands, bridal jewelry and further opportunity to promote gifts for the bridal party. Ensure connecting with customers when and where they are in the wedding mindset (eg researching, planning). As they look for inspiration (in terms of rings but also proposals ideas), be present on social media platforms that allow shoppers to save what they like and consider enabling those features on the brand's website as well. For the latter, contemplate the option of including quizzes that help customers define their style, or conversely, help those that are already buying for others. As they browse for options, suggest related or similar items. "Go well together" to highlight

wedding bands as they view engagement rings, or "compare similar items" to highlight similar stone cuts and ring settings. Allow customers to make appointments for digital or in store consultations without the need to pick up their phones. And take the role of advisor instead of a seller. Facilitate the long process that many couples go through by leveraging expertise, knowledge and technology. Follow up by mail or text-based marketing with those shoppers that recently made a purchase of engagement rings and/or wedding bands, since that could be an opportunity to extend the offering of bridal jewelry and gifts for the bridal party.

Make the journey an experience for two. Enable digital and physical consultations and features that allow couples to explore and share ideas with one another. Moreover, incorporate aspects that are part of the post-purchase experience, such as flexible returns, guarantee, cleaning services, care guides or insurance options. Providing customers with the whole package will make product offerings more appealing through the added value.

### Engage men in the jewelry conversation

Traditionally, men have always had fewer styling options than women have. By limiting men to express themselves with their appearance, brands are simultaneously limiting themselves to grow.

Nowadays, men turn to jewelry mostly for gifting occasions. However, as consumers move away from traditional gender stereotypes and gender-neutral options become more common, there is the opportunity to encourage self-purchases of jewelry among men. Therefore, brands and retailers should consider collections geared to men that incorporate materials such as leather, platinum and yellow gold, together with marketing and communication strategies that are reflective of this consumer group. Partnerships with other brands that target the "modern man" can also be explored to provide complete styling inspiration and take advantage of the following that brand already has among this audience.

### Focus on ethical and sustainable practices

Consumers are increasingly aware of the sustainability crisis and are making efforts to do less harm to the planet. As such, they are taking a more conscious approach to how and where they shop. In some instances, they investigate sourcing and materials included, while in others they just limit new purchases.

While not currently a driving factor for all category purchases, brands that focus on highlighting efforts such as sourcing practices, recycling materials and stones or adopting alternative shopping options can appeal to consumers' underlying preferences.

Consumers' confusion around sustainability marketing, distrust in brands' claims and an overall lack of knowledge when it comes to best practices call for clear, authentic and, most importantly, measurable actions. That includes traceability and transparency of operations until products reach consumers' hands.

By working hand in hand with wholesalers, brands and retailers can understand everything that goes into the making of watches and jewelry, and then pass that knowledge down in the supply chain, perhaps by including a QR code on pieces' authenticity certificates that consumers can visit to learn where the item comes from. In line with that educational tone, there can be efforts to educate consumers that there is no difference between mined, recycled or lab-grown stones and materials.

Recycling materials is another common practice. Customers can be encouraged to trade in pieces of jewelry that can be melted into new designs. Additionally, business models that incorporate alternative shopping options such as secondhand, rentals or subscriptions can also be explored by partnering with third parties or implementing them individually. The adoption of ethical and sustainable practices can't be left for tomorrow; since consumers are shopping from brands that align with their values, this is a matter that requires immediate attention.

## Adopt and evolve digital offerings to thrive

The pandemic has accelerated the adoption of and reliance on digital channels. Consumers now turn online for entertaining, communicating and shopping more than ever before. As they live between the off- and online worlds, brands and retailers must do the same to meet consumers wherever they are. Digital channels need to be seen as a complement or extension to retail, in which brand-owned channels, with the use of online solutions, help replicate the in-person experience.

The increased time consumers are spending online is an opportunity to connect with them and encourage a purchase, whether or not watches and jewelry were an initial thought. As social platforms improve and incorporate commerce features, they create an additional, streamlined path to purchase. Brands should adopt shoppable features in posts as well as explore live shopping events to highlight new items or special promotions. Additionally, these social platforms can be used to share reviews, enable filters that allow customers to try on pieces, share promotions with followers, provide customer service and help educate consumers on items and brand initiatives.

Brands' websites can be utilized to offer a more personalized experience by allowing customers to create a profile and save what they like. As they explore their options, suggestions of similar or related items can be highlighted across categories or a set of items, such as "to complete the look" or "go well together" which can further maximize the average order value.

# THE MARKET

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# Key Takeaways

## What goes down, must go up

The watches and jewelry sector was not an exception to the challenges the pandemic has brought. While the lockdowns severely impacted consumer demand, relaxed stay-at-home mandates during the second half of 2020 contributed to a quick rebound in sales. As vaccination rates increase, and the economy continues to improve, revenge spending can be expected, especially as consumers regain their social life and have more occasions to dress up (see Market Size and Forecast).

## Jewelry sales will increase more than watches sales

Without considering smartwatch sales, watches are expected to have a conservative performance in the years to come, while jewelry will become the fastest growing segment and continue to increase its share in the market. This will especially be fueled by an uptick in the number of new marriages (see Segment Performance; Market Factors).

## Ethical and sustainable practices are expected

Consumers are making efforts to live more sustainably; as such, it will take an increasingly important role in purchasing decisions. As a result, brands that speed up the incorporation of improved and more environmentally friendly business practices will enjoy a competitive advantage across the board. Furthermore, this is an opportunity for the sector to show consumers genuine efforts and influence positive change (see Market Factors).

## Retailers need to adapt to emerging technologies, as consumers have done so

The pandemic has accelerated consumers' adoption of and comfort level with using technology in their lives and shopping experiences. As consumers pivot to shop more online, solutions that incorporate technology can help to build a stronger connection with them and enhance the shopping journey. The spectrum of tools available is diverse and further innovation in the space can be expected. Brands and retailer must be agile to adapt emerging and functional technology to not be left behind.

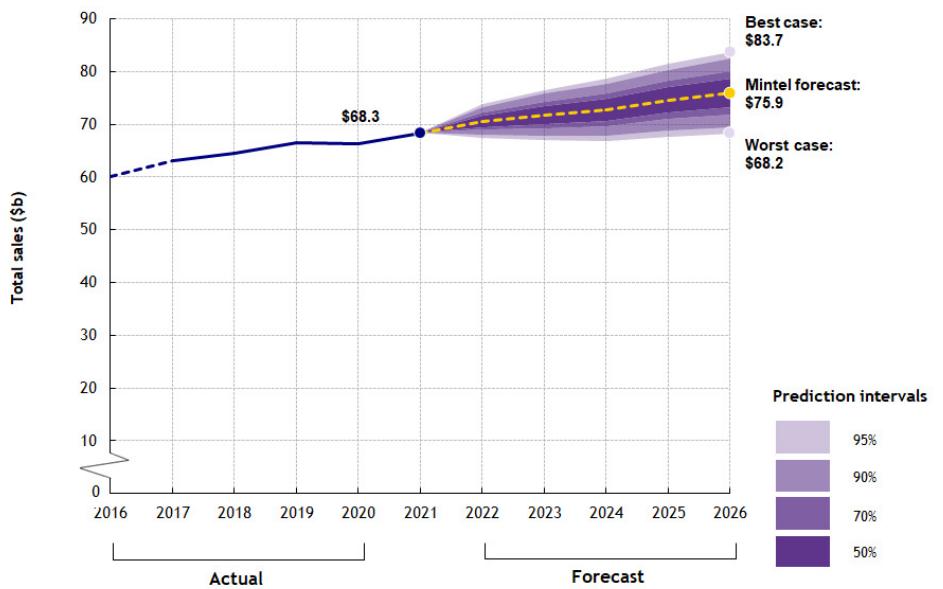
# Market Size and Forecast

## Pace of sales are expected to rise after the downturn in 2020

Pre-pandemic, the sector experienced conservative growth with 3.4% annual average growth rate between 2016-19. After years of experiencing positive growth, in 2020 the sector declined 0.5% from 2019 due to a decrease in consumer demand and changes to consumer spending priorities in the early stages of the pandemic. 2020 was a challenging year for many sectors, and despite the initial setback for the category, watches and jewelry recovered quickly, especially during the second half of the year as a result of demand during the summer months and holiday season. While the category rebounded, it remained below where it would have been in terms of sales had there not been a pandemic.

For 2021, US sales are expected to reach \$68 billion, with a 3.2% growth over 2020. Looking ahead, the sector will continue to stabilize its trajectory and gain a value of nearly \$76 billion in the next 5 years, growing at 2.1% annual average growth rate over the same period. A healthier economy, increasing consumer confidence, and the return of more reasons to shop (eg social activities, work) will contribute to discretionary spending in the category.

FIGURE 3: TOTAL US RETAIL SALES AND FAN CHART FORECAST OF WATCHES AND JEWELRY MARKET, AT CURRENT PRICES, 2016-26



Note: smartwatches are not included on the market size

Source: based on US Bureau of Economic Analysis; US Census Bureau, Economic Census/Mintel

FIGURE 4: TOTAL US RETAIL SALES AND FORECAST OF WATCHES AND JEWELRY MARKET, AT CURRENT PRICES, 2016-26

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2019	66.55	3.2	111	97
2020	66.18	-0.5	110	97
2021 (est)	68.31	3.2	114	100
2022 (fore)	70.59	3.3	117	103
2023 (fore)	71.74	1.6	119	105
2024 (fore)	72.73	1.4	121	106
2025 (fore)	74.57	2.5	124	109
2026 (fore)	75.95	1.9	126	111

Note: smartwatches are not included on the market size

Source: based on US Bureau of Economic Analysis; US Census Bureau, Economic Census/Mintel

*The forecast and analysis provided reflects an estimated range of the market's prospects in the light of the upheaval caused by the COVID-19 crisis. This forecast is driven by our understanding of consumer behavior in this market, alongside an evaluation of how exposed this sector is to the crisis, and how quickly demand will return to previous levels once a degree of normality returns to the market.*

### Impact of COVID-19 on watches and jewelry

Initially, the shift in lifestyles in 2020 (eg remote working, fewer events), limited the need and use of formal watches and jewelry, and these categories lost consumer demand between March and May. As restrictions lessened and the rollout of the vaccine began, consumers slowly returned to some of their pre-pandemic activities and social lives – leading to more opportunities to dress up, increasing category demand.

However, the stay-at-home restrictions have propelled the preference of dressing more casually. This, consequently, will impact the use and type of watches and jewelry, even when the pandemic is no longer a threat. Additionally, the holiday season sparked shopping within the category as watches and jewelry are often popular gift items.

Financially, the pandemic impact has not been the same for all. The middle class and the affluent have been less affected by the lockdowns, job losses and furloughs. While some are struggling to regain financial stability, others have increased their savings due to lack of travel and leisure spending. According to Mintel's Global COVID-19 Tracker, US, July 30-August 18, 2021, 51% of consumers describe their current financial situation as healthy (ie having money left at the end of the month for luxuries/savings). This is the highest since tracking began at the onset of the pandemic, mid-March 2020. That said, nearly one third of

consumers are financially "OK" and get by, but don't have much left once basics are taken care of, and another nearly 20% get barely getting by or worse. Moving forward, as many consumers continue to focus on their spending and budgets, brands within the watches and jewelery sector will have to consider providing financial flexibility – both in terms of the products as well as services offered (eg payment instalments) to keep consumers engaged.

Besides the financial impact, the pandemic has created the need to modernize. Physical retail closures exposed the sector's slow transition to digital offerings. Those retailers agile to change are now better prepared to face the next normal and consumers' evolving approaches to shopping. While those reluctant, slow, or unable to do so will continue to experience challenges as COVID-19 variants continue to impact the retail environment and in-store traffic retracts again in favor of ecommerce.

# Segment Performance

## Jewelry sales outperform watches

While jewelry accounts for the largest share of total category sales (82% as of 2021 estimates), the watches segment has been the main accelerator –at least in the pre-pandemic period. Between 2016-19, sales of watches grew at an annual average growth rate of 4.7%, while jewelry did so at a 3.2% pace during the same period. However, those dynamics of positive growth have shifted. The non-essential nature of these categories makes them vulnerable to changes in consumer spending and lifestyles (see Market Factors).

In 2020, both segments showed declines, yet the pace of watches was the one that decelerated the most. For 2021 and 2022, jewelry sales are expected to keep growing as a result of consumers returning to more pre-pandemic activities. Conversely, sales of watches will continue to take a conservative pace, impacted by consumers' spending and inclination toward smartwatches.

Over the forecast period, jewelry will take the place of watches and become the fastest growing category, with a 2.2% annual average growth rate between 2021-26, while watches will slow down with an annual average growth rate of 1.8%.

FIGURE 5: TOTAL US RETAIL SALES AND FORECAST OF WATCHES AND JEWELRY, AT CURRENT PRICES, 2016-26

Year	Watches		Jewelry	
	\$ billion	% change	\$ billion	% change
2016	10.28	-	49.85	-
2017	10.75	4.6	52.39	5.1
2018	11.36	5.6	53.14	1.4
2019	11.81	4.0	54.74	3.0
2020	11.78	-0.3	54.41	-0.6
2021 (est)	12.01	2.0	56.30	3.5
2022 (fore)	12.13	1.0	58.46	3.8
2023 (fore)	12.41	2.3	59.32	1.5
2024 (fore)	12.64	1.8	60.09	1.3
2025 (fore)	12.91	2.1	61.66	2.6
2026 (fore)	13.15	1.9	62.80	1.9

Note: smartwatches are not included on the market size.

Source: based on US Bureau of Economic Analysis; US Census Bureau, Economic Census/Mintel

# Market Factors

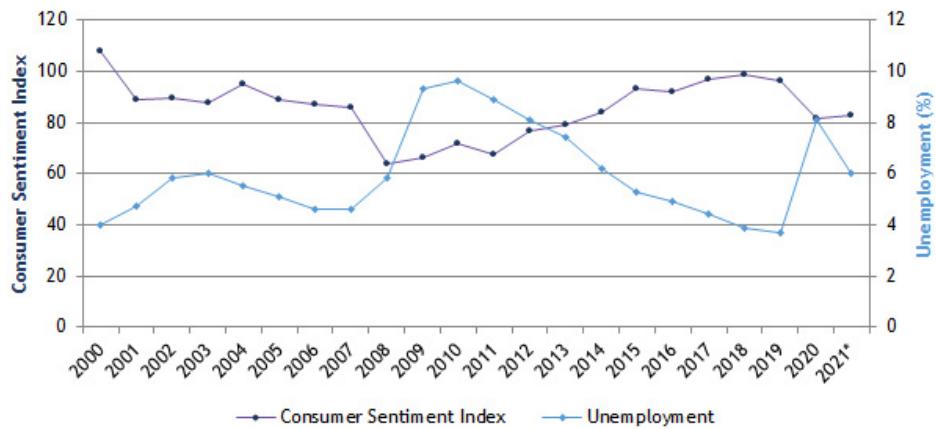
## The economy continues to heal, while facing growing challenges

As the economy continues to recover from the initial effects of the pandemic, rising concerns around the Delta variant and inflation are creating new challenges. As governments allow businesses to reopen with loosening restrictions, there is a significant improvement in the labor market and pent-up consumer demand. Personal consumption exceeded forecasts for Q2, growing at an annualized rate of 11.8%, the second largest advance since 1952, while the personal savings rate fell from 20.8% to 10.9% during the same period, indicating Americans are spending cash built up during the pandemic. Additionally, the unemployment rate continues to improve, dropping to 5.4% in July 2021, compared to 10.2% a year ago. While significantly improved, unemployment is still above what is considered a healthy economy (below 5%), and above the pre-pandemic levels (ie 3.5% as of February 2020).

However, as of July 2021, the upswing of COVID-19 cases, concerns around different variants, and rising prices are hurting consumer confidence in the US economy. Confidence fell to a 5-month low in July, dropping to 81.2, the lowest since February 2021 (76.8). Again, while an improvement from one year ago, confidence remains far lower than pre-pandemic levels.

High unemployment and low confidence are evidence that the economy is still far from reaching its pre-pandemic strength. Moreover, the economic growth will be challenged by decreasing federal support, the spreading delta variant and lingering supply and labor constraints, resulting in a continuing cautious spending.

FIGURE 6: CONSUMER CONFIDENCE AND UNEMPLOYMENT, 2000-2021



\*average to date (Jan-July 2021)

Source: Thomson Reuters/University of Michigan Survey of Consumers/Bureau of Labor Statistics/Mintel

## Precious metals and diamonds prices are on the rise

Recession, depreciation of currencies, inflation and supply chain disruptions are some of the factors that would increase the price of precious metals and diamonds.

For the most part, watches and jewelry are priced for their creativity, workmanship, and exclusivity of the item. However, pieces such engagement rings or earring mountings reflect metal ounce prices the most.

When compared to pre-pandemic prices, all precious metals are in an upward trend, with gold presenting the lowest variation from all, which is opposite to palladium and copper (see Appendix – The Market). Overall, rising prices will fuel jewelry sales growth.

Gold is the most popular metal, with 59% of consumers preferring this material within

the last year (see Stones and Materials). Looking at prices of gold during the last financial crisis (2008-11), it took three years for gold prices to peak. That means that they keep rising until economic recovery is clear and inflation is less likely. Therefore, it can be expected that gold prices continue to go up.

When it comes to diamonds, a gradual return to ordinary activities by mining companies and concerns about future disruption have driven the diamond market to maintain an ample supply. This has led to various diamond mining companies, including two of the largest – De Beers and ALROSA – moderately increasing prices. Additionally, industry research shows that LGD (lab-grown diamonds) market share in the US rose from 2% at the end of 2019 to 3.1% in 2020.

Considering the impact that price has in consumers' purchasing and selling decisions, retailers should respond to their place in the market, consider reducing prices and pressure wholesalers to do the same as a route to improve and protect gross margins from competitors. Especially those with direct-to-consumer business models that are known for offering quality and affordability by skipping the middlemen.

With rising prices and cautious spending, shoppers are likely to seek more inexpensive options. As such, secondhand retailers and those with fashion or costume jewelry can take advantage by promoting their offerings and focusing on passing trends.

Additionally, brands and retailers should make prices easier to navigate or manage for consumers by offering installment shopping options such as Affirm, Klarna. These flexible shopping options help consumers spend money responsibly without incurring interest.

### Changes in consumers' lifestyles influence watches and jewelry purchases

Marriage is often a main driver for the watches and jewelry segment. As consumers' views and approach toward getting married evolve, the category will in turn be impacted.

As of 2020, more than half of US consumers are married; however, the married share of the population has been slowly decreasing. This could partly be the result of traditional marriage titles losing their relevance, and people choosing to cohabit instead of incurring the associated cost of the wedding formality. If the married share of the population continues to decrease, that will naturally lead to a decrease in demand of engagement rings, wedding bands and bridal jewelry.

On the other hand, COVID-19 has caused many consumers to delay weddings and possibly engagements, as some consumers re-evaluate their outlook and short-term plans, like where they will live or where they will work. According to industry research,

FIGURE 7: MARRIED SHARE OF THE POPULATION, 2010-20

	Total % married	Men % married	Women % married
2010	53.6	54.8	52.4
2011	53.3	54.8	52
2012	53	54.5	51.7
2013	52.7	54	51.5
2014	52.6	53.8	51.4
2015	52.4	53.7	51.2
2016	52.1	53.4	50.8
2017	52.4	53.8	51
2018	52.1	53.4	50.8
2019	52.3	53.6	51.1
2020	52	53.2	50.9

Notes: based on people aged 15 or older; "married" includes married spouse present, married spouse absent, and separated.

Source: US Census Bureau, Current Population Survey, Annual Social and Economic Supplement/Mintel

one third of women believe the pandemic will result in them getting engaged later than planned. This means that an uptick in engagements and weddings can be expected in the months and years to come, resulting in an increase in consumers shopping the category.

Additionally, 2020 marked five years since the US Supreme Court ruled same-sex marriage as a legal right across the United States. Mintel's Trend *Serving the Underserved* describes how consumers who have been underrepresented in the past are getting a greater voice. Additionally, 61% of US consumers who do not identify as LGBTQ+ agree they are more likely to start buying a brand because it supports LGBTQ+ equality (see Mintel's *Marketing to LGBTQ+ Communities – US, 2020*). This highlights how the watches and jewelry industry needs to evolve to meet the needs of all types of couples, and further appeal to overall consumers through inclusivity and equity efforts.

### Technology as a solution to enhance the shopping experience

The pandemic has accelerated the adoption of technology overall. Even after lockdown restrictions have eased,

consumers continue to turn to digital channels for entertaining, socializing and shopping. Furthermore, they are realizing the value digital channels have to offer, as 41% of US online shoppers say that new technology adds value (eg convenience, fun experiences) to the online shopping experience (see *Key Elements of eCommerce – US, 2021*). That is a sign of the high bar early adopters (retailers and brands) are setting and the reset expectations consumers have.

Moving forward, those that have been reluctant to change – or slow to do it – must embrace technology across channels to meet new consumer expectations. 3D online product views and designs, augmented reality to try on pieces, digital consultations, and live streaming events for auctions or collection launches are all part of compelling technological solutions and features that can enhance the shopping experience.

## The future of watches and jewelry looks greener

*Sustainability*, one of the Pillars of Mintel Trend Driver *Surroundings* highlights how consumers' desire to act in a way that is not harmful to the environment is motivating them to embrace brands that aim to reduce

waste, protect the environment or improve living conditions. That's evidenced by more than half (51%) of consumers preferring to buy sustainably made watches and jewelry (see Attitudes toward Watches and Jewelry).

Therefore, there will be a demand for transparency in terms of how materials are

sourced and how pieces are made. To better appeal to these conscious consumers, brands and retailers should consider recycling precious metals and stones, and further promoting lab grown. Additionally, as a result of that interest in doing less harm to the planet, rentals and resale of jewelry and watches will continue to grow in popularity.

# COMPANIES AND BRANDS

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# Key Takeaways

## Modernize and keep the door open to all

Brands are making efforts to appeal to younger generations, which is not surprising since they are the most active shopping for watches and jewelry (see Items Purchased). Hence, cultivating a strong relationship with this consumer segment will be critical to the future growth of these categories. However, brands and retailers need to be mindful of the approach taken to do so to remain appealing to older audiences that still continue to shop (see Competitive Strategies).

## Well-thought partnerships elevate product offerings

From blockchain to gaming, and homeware, watch and jewelry brands are turning to diverse partnerships that allow them to differentiate their offering and appeal to consumers through a sense

of newness. This not only creates new opportunities to engage with current shoppers, but such efforts also allow brands to increase reach and drive brand awareness amongst new consumers.

## Retail spaces can serve a different role

As the adoption of ecommerce gives consumers the option to shop anywhere at any time, the role of the physical retail store is changing. Therefore, they now can be used to give a new start to retail and enhance the shopping experience by promoting discovery through inviting fresh concepts such as shops in shops, smaller formats or showrooms. *Experiences*, one of Mintel Trend Drivers, highlights how consumers are seeking and discovering stimulation. Considering how limited consumers have been to experiences due to the pandemic, this could be a route to a greater interest and excitement to return to physical stores.

# Competitive Strategies

## Tiffany & Co. shifts to conquer Gen Z

In January 2021, LVMH completed the acquisition of Tiffany & Co. This acquisition will give Tiffany the time and investment to reinvent itself. Signs of that reinvention are seen in its recent creative campaign highlighted on social media and ads across Los Angeles and NYC with the message "Not your mother's Tiffany," featuring young, modern-looking models pairing the brand's luxury jewelry items with more casual attire.

The new advertising and marketing efforts have the goal of aligning with younger consumers' identity, which is fundamental for the years to come, as young generations are the most active shopping the category (see Items Purchased). However, this campaign has alienated some of the brand's long-time fans. While it is critical for brands to appeal to young consumers, the benefits of appealing to a wider audience (in this case multigenerational) should not be ignored. It's clear Tiffany & Co. is shifting more of its focus on younger consumers and will continue to try to balance its youthful appeal while maintaining its luxury legacy.

FIGURE 8: "NOT YOUR MOTHER'S TIFFANY" CAMPAIGN



Source: Instagram, July 2021

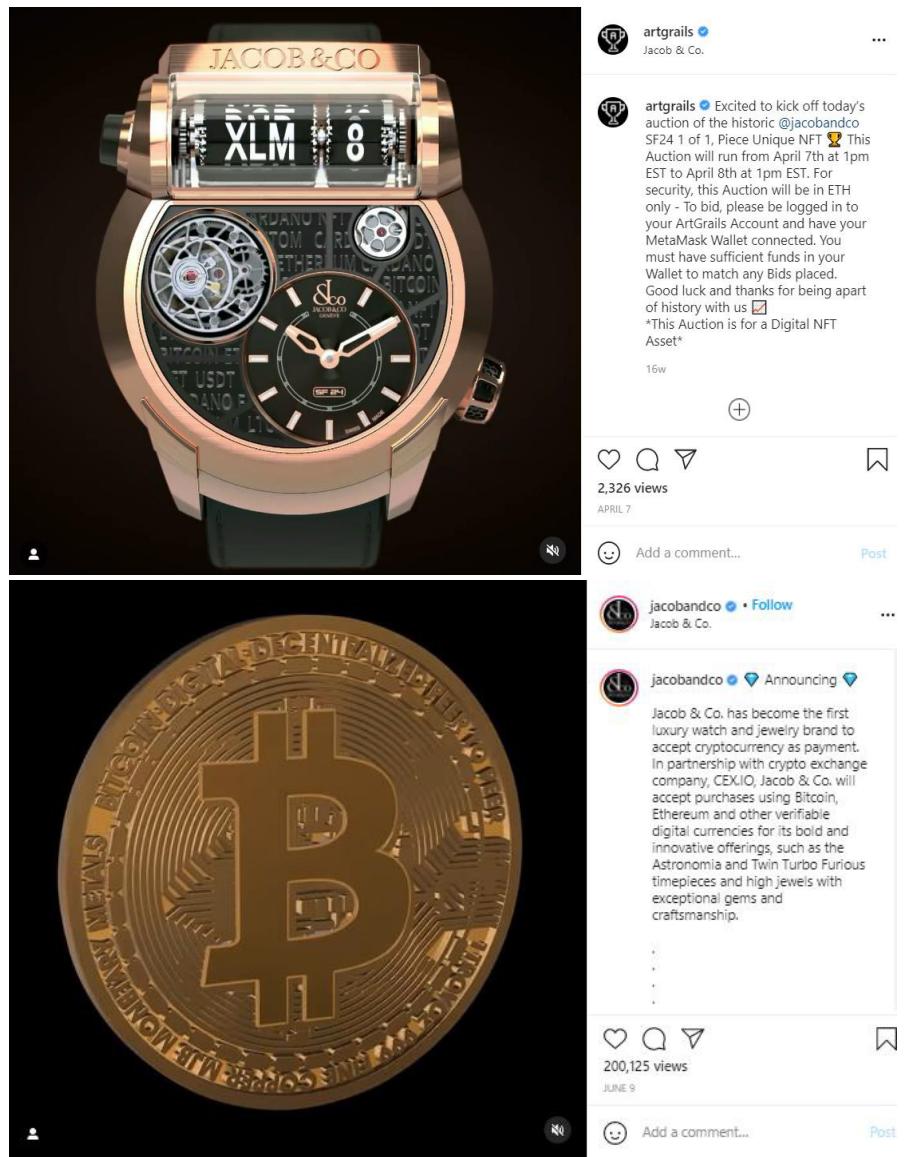
## Jacob & Co. knows it is time for NFTs and cryptocurrencies

Non-fungible tokens are a door to an exclusive and digital community comprised of collectors, investors, and gaming and art enthusiasts, among others. Luxury's value is often characterized by exclusivity, and as consumers pivot to the digital world, it is not surprising to see luxury brands releasing NFTs, as has been the case of Burberry, Louis Vuitton, Gucci and now, Jacob & Co with the first luxury watch NFT.

Jacob & Co partnered with ArtGrails to auction a 10-15 second three-dimensional animation of Jacob & Co.'s Epic SF24, which fetched \$100K. The one-of-one NFT was accompanied by a custom box from the brand that contains the hardware wallet and an additional certificate of authenticity. One-of-a-kind tokens not only represent an emerging community but can be an additional revenue stream, especially to those brands facing supply chain challenges. Additionally, the brand has also partnered with the crypto exchange company, CEX.IO to accept verifiable digital currencies for its jewelry and timepieces.

The successful NFT sale and adoption of cryptocurrency from the luxury jewelry and watchmaking brand Jacob & Co. will pave the way for other luxury brands to recreate the real world with digital-only assets and to expand the acceptance of alternate forms of currency.

FIGURE 9: EMBRACING THE DIGITAL WORLD BY JACOB & CO.



Source: Instagram, April 2021; June 2021

## TAG Heuer blends the watchmaking and gaming worlds

In July 2021, Swiss luxury watchmaker TAG Heuer partnered with Nintendo to release a Super Mario Limited Edition watch. The Super Mario animated watch face is available on all Tag Heuer Connected 3<sup>rd</sup> Generation watches, blending traditional watchmaking with smart functions. The playful animations are designed to encourage the wearer to increase their physical activity. The more active the wearer is, the more animated and livelier Super Mario becomes.

*Nostalgia*, one of the Pillars of Mintel Trend Driver Experiences is a key motivator for behaviors; 71% of US consumers enjoy things that remind them of their past. That said, this collaboration does not only appeal to gamers but also to those consumers associating Super Mario with their childhood. Moreover, the brand utilized social media to share the news and give priority access to its audience, giving a sense of exclusivity and urge to shop the Super Mario Limited Edition.

FIGURE 10: TAG HEUER X SUPERMARIO



Source: Instagram, July 2021

tagheuer • Follow ...

tagheuer • A watch like no other! Unveiling our newest collaboration that's sure to bring both the watchmaking and gaming worlds in new territories! Nintendo's iconic character, Mario, is taking over the TAG Heuer Connected with a new limited edition timepiece in a daring, creative style. Available for purchase on July 15th, dropping at the right moment for you Japan 10 AM - Local Time, Europe 10 AM - Geneva Time, USA 10 AM - Washington Time

And 2 hours before for the priority subscribers.

Discover more about the TAG Heuer Connected x Super Mario Limited Edition

341,936 views JULY 13

Add a comment... Post

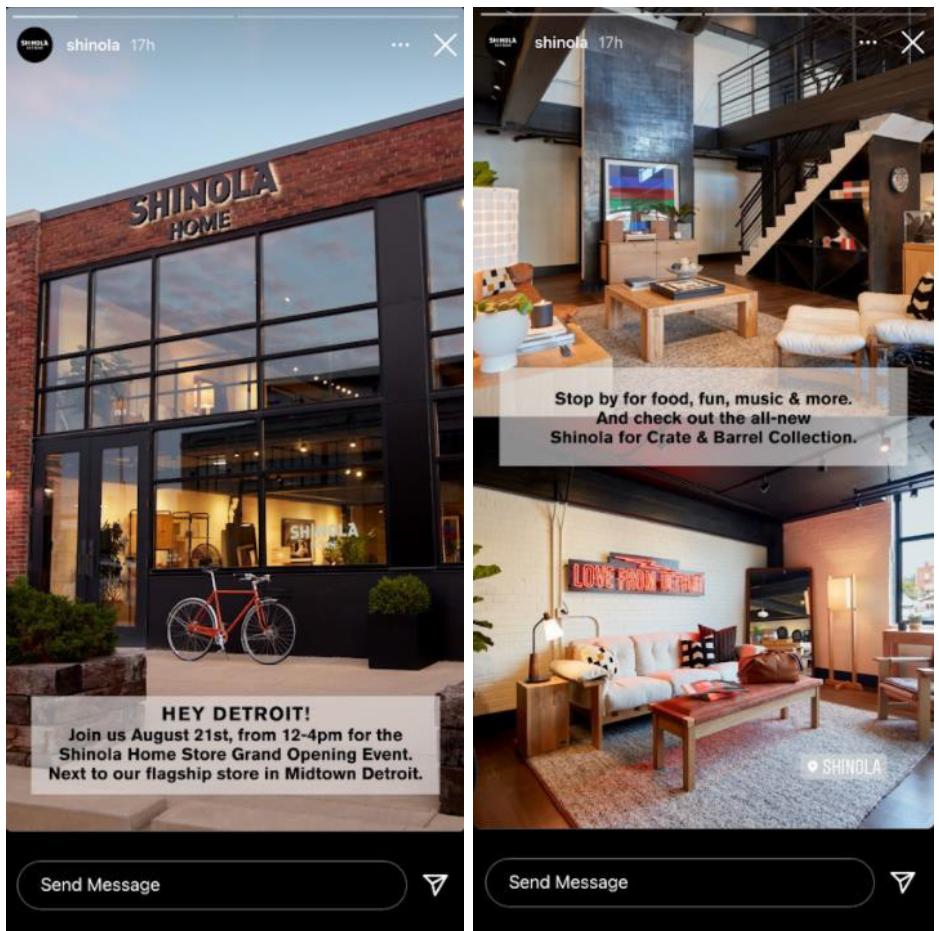
## Shinola expands into the home category

The Detroit-based watchmaker brand Shinola has partnered with Crate & Barrel to combine effortless style and hand-crafted quality into a furniture, home décor and accessories collection that features authentic Shinola leather and hardwoods, styled after the modern feel of the brand's Hotel.

The homeware collection is exclusively available at Crate & Barrel with a store-in-store concept, and at the first-ever Shinola Home retail location in Detroit, next to its flagship store. While this partnership can initially seem disconnected from the watchmaking world, this limited-edition partnership will allow both of these American brands to share each other's followers and increase brand awareness. This exemplifies how brands in the watch and jewelry category could explore partnerships outside of their space to reach new customers, and even create new product offerings.

Furthermore, partnerships like this, that integrate unexpected product offerings, could increase in-store footfall when found at the same retail location by motivating discovery. Gone are the days in which consumers needed to visit a store in order to shop. With the increased adoption of ecommerce brands, retailers need to find new ways to engage with customers and differentiate themselves from competitors. The physical environment can serve to achieve that with more reinvigorating atmospheres that invite customers to go back in stores to rediscover a fresh approach to retail (see *In-store Experiential Retailing – US, 2021*).

FIGURE 11: SHINOLA X CRATE & BARREL COLLECTION



Source: Instagram, August 2021

# Market Opportunities

## Attach watches and jewelry to the casualization of fashion movement

The increased amount of time at home caused by the pandemic has propelled the preference of dressing more casually and comfortably (see *Casualization of Fashion – US, 2021*). As consumers continue with this preference even when there are more occasions to dress up, they will seek to still look good. Versatile, functional and comfortable pieces of jewelry and watches can help to achieve that.

Brands can position themselves as part of the casualization of fashion movement, encouraging consumers to pair statement pieces with whatever they decide to wear, whether it be lounge, active or streetwear. To do so, partnerships with casual-focused clothing brands or celebrities (eg athletes, influencers) known for their fashion sense, or styling jewelry and watches with less dressy outfits in marketing efforts should be explored.

## Educate consumers on sustainability efforts; adopt circular shopping options

Consumers' increased focus on the environment and preserving natural resources are a wakeup call for retailers and brands to take accountability. Since sustainability and ethical sourcing practices will play an increasingly important role in purchasing decisions, especially among young consumers, this must be an area of focus moving forward.

Brands must decide how they would like to participate. Efforts need to go beyond marketing and take a more tangible approach that makes transparency and traceability part of the equation. Consumers are doing their homework and expecting proof before purchase as the Mintel Trend *Prove it* explores; 57% of consumers don't always believe mainstream brands that say

FIGURE 12: JEWELRY FOR MEN BY MEJURI



Source: Instagram, August 2021

they are sustainable or eco-friendly (see *The Sustainable Consumer –US, 2021*).

Business models that include alternative shopping options such as secondhand, rentals and subscriptions, or recycling practices are all examples of potential paths forward. While sustainability may not always be top of mind when shopping the category, brands should look to take an educational approach and explain what goes into the creation of jewelry and watches and the impact this has on the environment and living/working conditions. By increasing awareness of a brand's efforts, as well as the impact consumers' shopping decisions can have on the environment, the focus on sustainability within the category will increase.

## Consider a gender-neutral approach to how items are worn and used

Consumers are moving away from traditional gender stereotypes and

expressions while embracing neutrality, as explored by Mintel Trend *The Next Generation*; 70% of US consumers agree that eliminating gender norms and stereotypes is good for the society (see *Gender Identity and Expression –US, 2020*). Much like clothing, jewelry and watches are an extension of who consumers are and a route to self-expression. Brands and retailers should consider expanding or evolving product lines to offer gender-neutral items, and tailoring marketing efforts to highlight this offering.

By taking a gender-neutral approach, brands can increase the appeal of items to consumer groups that may not have previously shopped for certain items. For example, Mejuri promoted on Instagram minimalist signet rings by emphasizing how they are designed for everyone and highlighting how this and other jewelry items can be styled together.

In addition to such efforts, brands and retailers can also focus on evolving the positioning around these items to cater to industry trends. For example, watches are being purchased by some women looking to celebrate their engagement with/propose to their male partners; as well as some LGBTQ+ couples that are looking for an alternative to the traditional engagement route. By positioning items in new ways, brands can ensure they are remaining relevant and appealing to consumers' changing behaviors.

### Capitalize on the wedding boom

The return of in-person celebrations mean that weddings and engagements that were postponed or delayed in 2020 will soon be carried out. The uptick in the number of new marriages gives birth to a demand in engagement rings, wedding bands, bridal jewelry and even gifts for the bridal party.

Thus, ensuring a brand presence where and when consumers are in their wedding mindset (eg researching, planning) will be important. Targeted and/or endemic ad placements, SEO strategies, and exploring partnerships with wedding planning resources (eg The Knot) are all examples of ways watch and jewelry brands can aim to connect with potential customers.

Additionally, as getting married is an experience that involves two, brands should consider joint experiences or tools that enhance the couple's journey together. Enable digital and physical consultations and features that allow couples to explore and share ideas with one another – whether simultaneously or on their own schedules. Furthermore, brands can incorporate aspects that are part of the post-purchase such as flexible returns, guarantee, cleaning services, care guides or insurance options. Providing the whole package will make product offerings more appealing through the added value.

FIGURE 13: BACK TO SCHOOL COOL BY MARIA TASH



Source: Instagram, August 2021

### Give more purpose to the retail environment

As consumers get accustomed to finding everything at any time online, and retail spaces are no longer the only place to transact, physical store environments could serve a new purpose that enhances the shopping journey. Brands and retailers can look into evolving how they leverage their brick-and-mortar locations to give consumers reasons to visit a store and new, engaging ways to interact with the category and drive trial such as by offering in-person services, converting to inviting showrooms, store-in-store features in partnership with other brands, pop-ups or small store concepts that offer a fresh and exciting approach to retail.

For example, the fine jewelry brand Maria Tash, through its piercing bars, motivates customers to visit the store. The brand includes the piercing fee in the earring purchase, customers see an item they

like (online or in-store) and then take advantage of the piercer on site. Moreover, extending those in-store services to kids can contribute to the engagement of younger audiences, something particularly important for the years to come, as young generations are not wearing jewelry (see Barriers to Purchase). Additionally, the brand opened its first pop-up location in Miami in August 2021, providing consumers with on-site piercing and a showroom filled with various items to explore.

Additional routes to add purpose to the retail environment can be to have in-house styling services or technology that allows customers to design custom-made pieces hand in hand with experts. A more personal and human touch could also be considered. Brands and retailers could offer complimentary wine or champagne while customers explore engagement/wedding or items for anniversaries as part of the meaningful celebration.

# THE CONSUMER

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# Key Takeaways

## Younger consumers are the main shopper

Purchases of watches and jewelry decrease as consumers age; thus, brands and retailers should ensure they connect with younger generations (eg Gen Z, Millennials) on the channels they are using and with assortments that catch their eyes. As this consumer group still needs to get familiarized with watches and jewelry and how they can be incorporated into their style, brands can look to digital services and tools that allow them to learn on their own terms and define their individual styles (see Items Purchased; Attitudes toward Watches and Jewelry).

## Men are a lucrative target

For the watches and jewelry market, men represent a big opportunity. Currently, women are the consumer group most engaged with jewelry. However, if brands and retailers give more styling options to men and inspire them to better express themselves beyond watches, this can drive more appeal and consideration among this consumer group. Additionally, men are the most likely to turn to jewelry for gifting. That said, brands and retailers will want to connect with them on the channels where they typically consume content to help them get ready for their gifting occasions (see Reasons for Purchasing; Barriers to Purchase).

## Online channels are being used like never before

Due to the pandemic disruption, consumers are becoming more familiar with the benefits ecommerce has to offer. Brands and retailers need to speed up their adaption to the changing environment and find the way to replicate the physical experience on digital channels. That said, it is critical to recognize that not all consumers have the same level of comfort to shop without seeing or trying on watches and jewelry items. As a result, innovative technology, store concepts and trial programs should be considered to ensure brands are catering to varying shopping preferences (see Retailers and Channels Shopped).

## Special occasions are not needed to buy

Self-indulgence and “just because” gifts are some of the top reasons for purchasing watches and jewelry. To spark inspiration and consideration among consumers, brands and retailers should highlight fashionable trends, ways to pair jewelry and watches with different clothing items (eg seasonal outfits), and special offers and discounts on social media platforms. Additionally, flexible payment options such as Klarna or Affirm could also entice a purchase, as they can help to mitigate consumers’ reservations and allow them to better manage their finances while still making a purchase (see Reasons for Purchasing).

# Items Purchased

## Consumers are buying a range of items

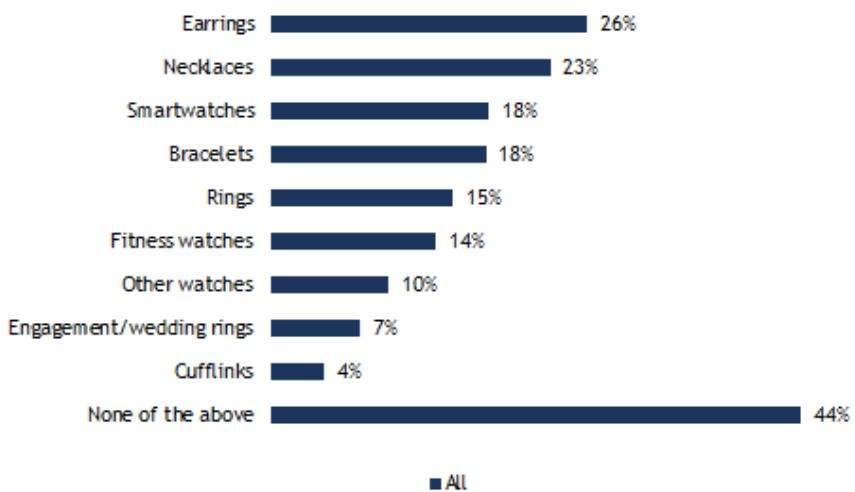
Watches and jewelry are categories with similar dynamics to apparel and footwear. They are part of self-expression and a statement of the wearer's identity. Singularly, purchases of these categories have an intrinsic positive impact; they make consumers feel good. As such, most consumers (56%) have made purchases within the category.

Jewelry has a higher market penetration than do watches (see Segment Performance), which is likely due to its range of items, diverse price points and a wider audience appeal. The watches category could look to increase appeal and consideration by evolving product offerings and use cases, as well as providing more accessible price points or pricing options (eg flexible payment options).

When compared to the previous version of this Report in 2019, smartwatches and fitness watches are the product segments with the most growth in acquisition. These products continue to evolve and appeal to consumers as technology and health-monitoring capabilities improve (see *Wearable Technology – US, 2021*). Mintel Trend Driver *Wellbeing* describes how consumers are seeking physical and mental wellness and are driven to invest in products that allow them to achieve those goals. As holistic wellness continues to be top of mind for consumers, brands and retailers should focus on the health capabilities and functionality to promote such products and keep their momentum going.

FIGURE 14: ITEMS PURCHASED, 2021

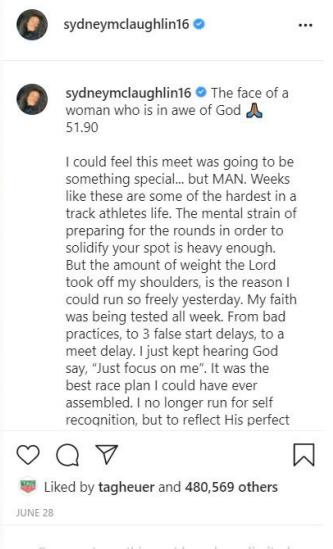
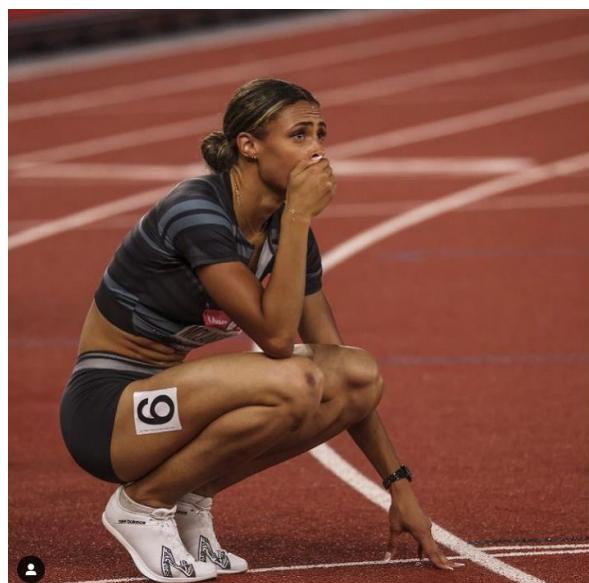
*"Which of the following types of watches and jewelry have you purchased in the past 12 months? Please select all that apply."*



Base: 2,000 internet users aged 18+

Source: Kantar Profiles/Mintel, June 2021

FIGURE 15: SYDNEY MCLAUGHLIN WEARING WATCH AND JEWELRY DURING COMPETITION



Source: Instagram, June 2021

On the contrary, other types of watches were bought only by one out of 10 consumers over the last 12 months. This suggests that more traditional watches are being replaced by digital concepts. Brands and retailers can look into product innovations like those from Triwa (see Attitudes toward Watches and Jewelry) or positioning watches as sustainable, considering their longevity, to further appeal to consumers. Moreover, for those consumers interested in the quality and craftsmanship of watches, highlighting the technical information and premium features of timepieces can be particularly relevant.

Not surprisingly, jewelry purchases have been conservative over the past year –largely due to people having fewer opportunities to dress up and less need for these items. Nevertheless, earrings and necklaces continue to be leading product segments. These items are often so versatile that they can help the wearer look put together on an everyday basis – as well as during the increased virtual presence (eg Zoom meetings).

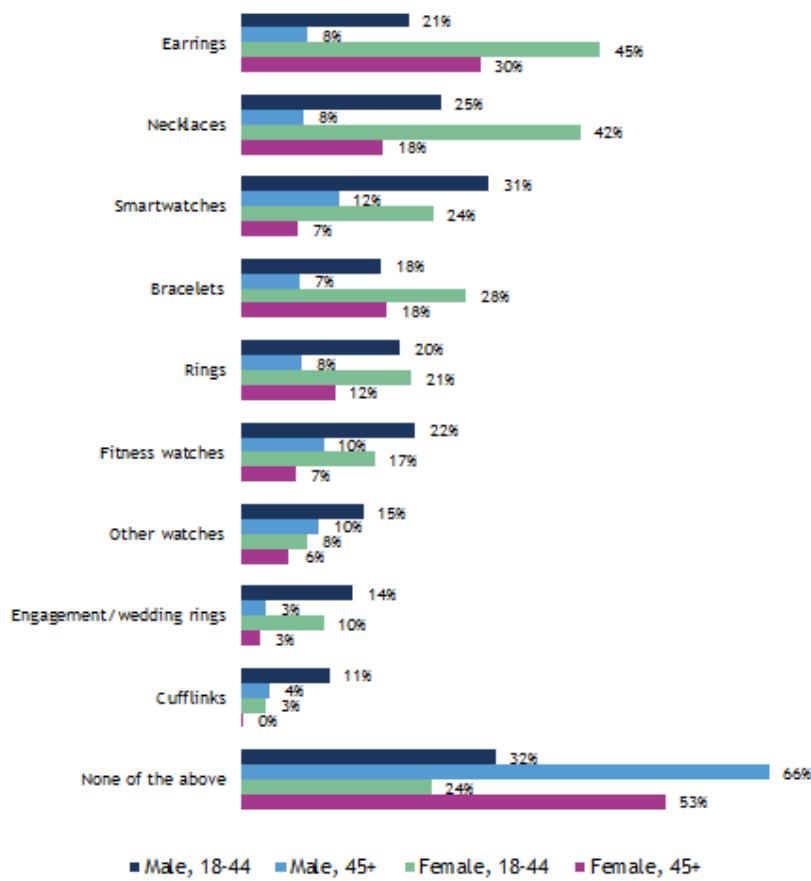
Moving forward, retailers can look at pairing jewelry items with clothing to complete the look to motivate consumers to make a jewelry purchase. Additionally, brands can look to spark inspiration in areas where consumers may not naturally be thinking about these items. As seen in the example below, US Olympian Sydney McLaughlin shows how small earrings, necklaces and bracelets can go with everything, whether consumers have an active lifestyle or just look for style and comfort in their everyday. McLaughlin is a TAG Heuer brand ambassador and can also be seen wearing the brand's watch (and tags them in her post) – highlighting an opportunity for jewelry brands to explore potential sponsorship opportunities with athletes or other notable figures from other industries to help drive interest.

### Younger consumers are the most actively shopping watches and jewelry

While younger consumers are shopping the category more, there are opportunities for brands to appeal to consumers across

**FIGURE 16: ITEMS PURCHASED, BY GENDER AND AGE, 2021**

*"Which of the following types of watches and jewelry have you purchased in the past 12 months? Please select all that apply."*



Base: 1,990 internet users aged 18+

Source: Kantar Profiles/Mintel, June 2021

age ranges. Older adults are more likely to already have what they want, hence adults aged 45+ are less likely to make jewelry and watches purchases. However, according to Mintel's Global Consumer Research March 2021, older cohorts tend to be the most worried about their health. With that in mind, brands and retailers should look into engaging older consumer groups with products such as smartwatches or activity trackers, highlighting the health benefits they provide. This could be achieved through multi-generational campaigns, by promoting these items among young generations to give as a gift to their parents and creating content specifically geared toward older consumers to help them easily understand/learn how to use these items. In-store workshops or other educational

options in the physical environment could help to engage with this audience and facilitate the adoption of smartwatches or activity trackers.

In addition to age, gender also impacts what consumers buy. That's evidenced by women being the most engaged with jewelry, and men with watches (see *Databook*). While brands will want to cater channel and content strategies to appeal to their current shopper base, they should also look for ways to drive interest among the lesser engaged group. As gender lines get blurred and gender-neutral offerings increase in appeal, brands can look to make women more of a part of the watches conversation, and vice versa, involve men with jewelry.

In line with that, Veert, – a unisex jewelry brand – has been building an influential following with endorsements ranging from Miguel to A\$AP Rocky, Alicia Keys, and Nas. Additionally, Tiffany and Co. recently launched its first line of men's engagement rings. Brands that ignore the changing trends within the category, such as the rise of gender-neutral options would take the risk of being perceived as old fashioned and lack a connection to today's evolving consumers, something especially important as young adults are the most active in this market.

### It is critical to captivate the eye of multicultural consumers

Hispanic and Black consumers overindex on purchasing watches and jewelry. Multicultural consumers are not as easily defined as a specific type of shopper because their interests are more varied. They enjoy shopping for – and expressing themselves through – clothes more than some others (see *Men's and Women's Clothing – US*, 2021). Watches and jewelry – similar to clothing – are an extension of how consumers feel about themselves and a representation of who they are; a path to expressionism. This means that these consumers may not need a specific reason to buy, as long as the purchase "feels right."

Brands and retailers need to ensure marketing and communication is reflective of multicultural consumers and engage with them by showcasing Black- or Hispanic-owned businesses and products. Fashion trends or partnerships with influencers such as athletes or celebrities can also contribute to captivate their eye. For example, the watch website Hodinkee highlights on social media its conversation with Draymond Green. The American professional basketball player is also a collector of watches, which can drive influence from an aspirational standpoint to aficionados of the sport and watches simultaneously.

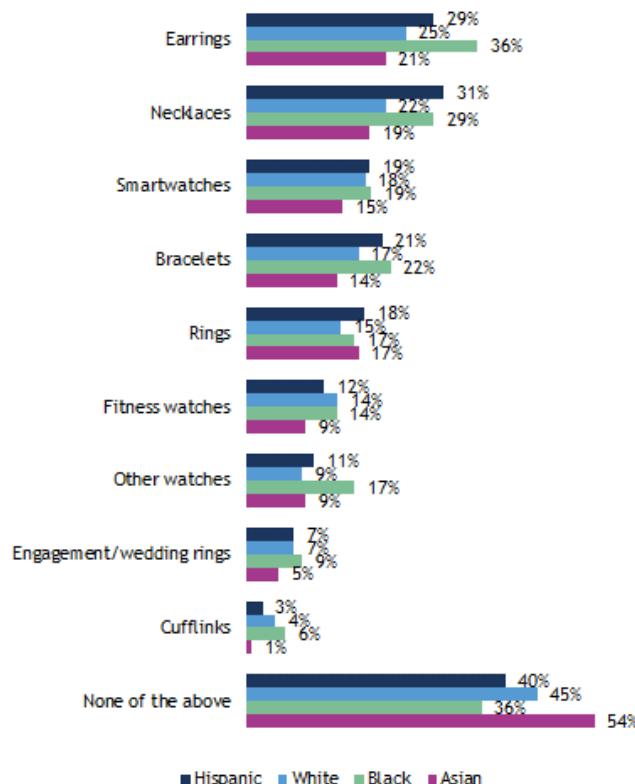
FIGURE 17: UNISEX PIECES BY VEERT



Source: Instagram, July 2021

FIGURE 18: ITEMS PURCHASED BY RACE AND ETHNICITY, 2021

*"Which of the following types of watches and jewelry have you purchased in the past 12 months? Please select all that apply."*



Base: 2,000 internet users aged 18+

Source: Kantar Profiles/Mintel, June 2021

Offerings that add value in its various forms (eg monetary, convenience) are also of great importance to appeal to this consumer segment. Thus, flexible payment and return options, together with tools that incorporate augmented reality allowing them to try before buying could all help to justify their spending.

FIGURE 19: DRAYMOND GREEN UNDER THE SPOTLIGHT BY HODINKEE



Source: Instagram, August 2021

# Item Recipients

## Watches and jewelry are most often personal purchases

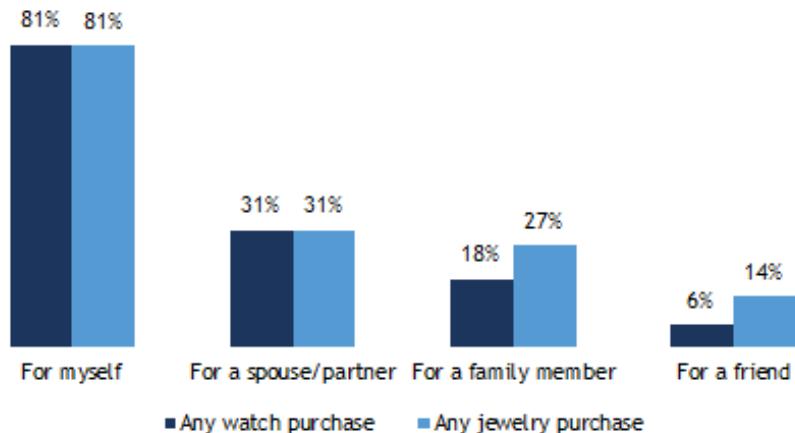
Watches and jewelry are a statement of personal style and investing in these types of items can often involve a significant price tag, which can lead them to be purchased mostly for oneself. Brands and retailers can look to position these items as emotional boosts or “just because” gifts to oneself to drive consideration.

That said, there are still ample opportunities for gifting, since the majority of consumers (55%) purchase these items for others. When doing so, intimacy and the relationship to the recipient is often a key factor. This is evidenced by the relevance of purchases for a spouse or partner, when compared to those for a family member or a friend. If people are not that close, personal preferences are not that straightforward. So, spending on high-priced items may be too risky, since the buyer could be spending a significant amount of money on something the recipient may or may not like.

Therefore, watches and jewelry should continue to be promoted for gifting ideas around romantic celebrations such as Valentine’s Day, anniversaries, engagements and weddings. To maximize opportunities around engagements and weddings, brands and retailers could also explore positioning watches as engagement gifts and creating giftable kits for wedding parties to be worn during the occasion. These could include affordable watches or cufflinks for groomsman and pieces of jewelry for bridesmaids – as highlighted by the example below from the handmade jewelry brand, GLDN.

FIGURE 20: ITEM RECIPIENTS, 2021

*“Who have you purchased each of these types of watch or jewelry items for in the past 12 months? Please select all that apply per type.”*



Base: internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Note: base sizes vary by item type; see *Databook* for full details

Source: Kantar Profiles/Mintel, June 2021

FIGURE 21: JEWELRY FOR THE BRIDAL PARTY BY GLDN



Source: Instagram, June 2021

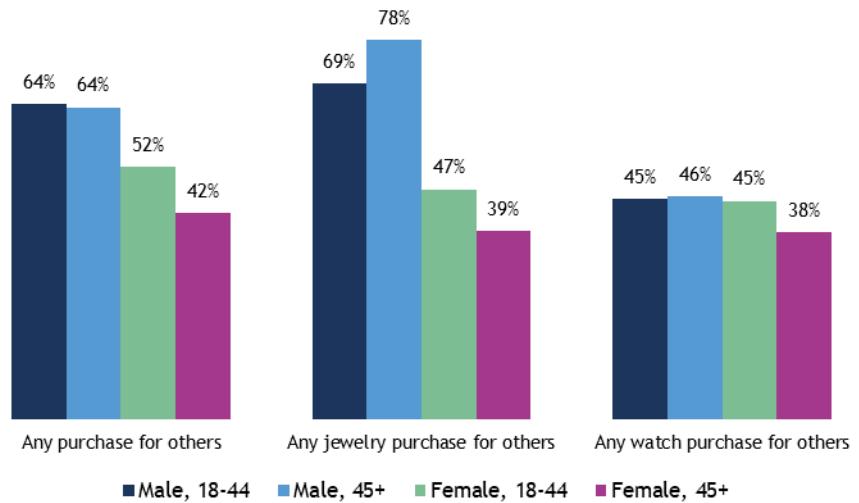
Beyond shopping for a spouse/partner, family and friends overindex as recipients for jewelry. People often give gifts to establish or reaffirm a connection with others. As a result, gifts are often a reflection of that unique relationship. Items that can be personalized or include motifs that mirror peoples' relationships or recipients are often considered meaningful gifts. Thus, winter holidays celebrations, Valentine's and birthdays are key times for promotion. Personalization options, birthstones or items with engraved initials could serve for such occasions.

When it comes to watches, nearly 20% of consumers purchased these items for family members. Considering the high price point usually involved with their acquisition, they could be a meaningful and justifiable gift for milestones such as graduations or significant birthday celebrations. In-store signage or online filters could help to position watches as giftable items for such occasions. Retailers can also highlight the longevity often associated with these items and encourage gift givers to invest in an item that the recipient will "cherish forever."

Regardless of the gifting occasion or purchase method (eg in-store, online), it is imperative to offer flexible returns in case the item received is not in line with what the recipient wanted or their style. By providing gift givers reassurance that the recipient will be able to return/exchange an item should it not suit them can help drive purchase consideration. Furthermore, creating an easy, flexible process to conduct returns and exchanges across channels will also become increasingly important moving forward.

FIGURE 22: ITEM RECIPIENTS BY GENDER AND AGE, 2021

*"Who have you purchased each of these types of watch or jewelry items for in the past 12 months? Please select all that apply per type."*



Base: internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Note: base sizes vary by item type; see *Databook* for full details

Source: Kantar Profiles/Mintel, June 2021

### Men are the most likely to splurge on others

For male shoppers, the price tag can often be a validation of what is considered a "good" gift. When shopping for others, men are more inclined to shop for jewelry instead of watches – in part due to the higher price points. Besides engagement rings, earrings and necklaces are items that are top purchases by men when shopping for others. Brands and retailers will want to highlight these items on channels where they typically consume content, showcasing quality, craftsmanship and other aspects that help them justify the spending.

A common tactic for some jewelry brands is to target males within sports or gaming content (ie commercials during a game). An evolution to this approach and other ways to better connect with male shoppers could be to incorporate QR codes onto tv commercials, targeted ads on streaming services or social platforms or relevant websites, and brand integrations into gaming and sports content. These approaches will not only allow brands to reach male consumers where they are, they will add ease and convenience in the shopping process.

## Shopping for others is not an easy task

Shopping for somebody else can be frustrating, especially when there are no hints of what the other person may like or when the recipient doesn't know exactly what he/she likes. While this creates challenges for any purchase, it can be particularly difficult when shopping for engagement and wedding rings – which unsurprisingly are the most commonly purchased items for a spouse/partner.

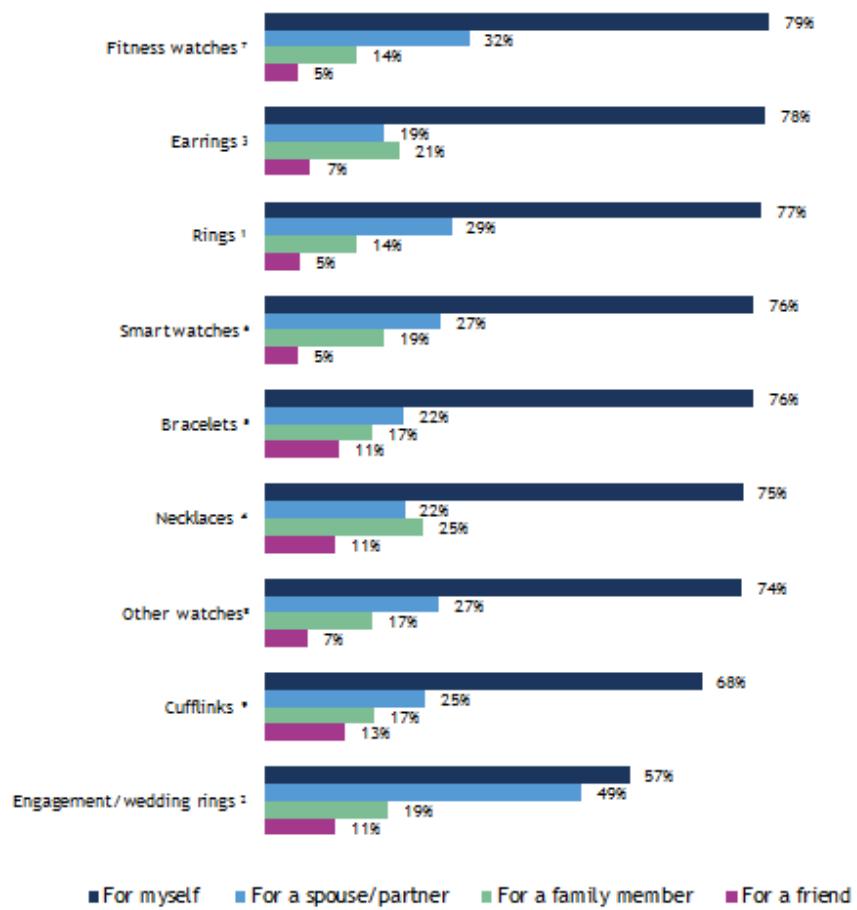
The process of finding a ring can be difficult and extensive. From center stone, size and quality, to setting and type of metal. Consumers have a lot of decisions to make. Brands and retailers can make this journey easier for couples if they take the role of advisors, instead of being solely sellers. This approach would not only be beneficial for those looking for an engagement ring but for any other jewelry and watch purchase, especially if the item involves a high price point.

Understanding what consumers go through and the many questions they have as they begin with this journey, Vrai, a jewelry brand that offers sustainably created diamonds, gives shoppers the ability to join a live conversation with diamond experts on Instagram. Additionally, the brand encourages consumers to attend a virtual appointment by offering a \$100 credit toward the final order.

Beyond exploring the product itself, this type of offering can help guide consumers on everything from their partners expectations and preferences, meaningfulness of the items, and financial offerings and considerations. Tips and guidance, both in-person and virtually, that help a consumer better navigate the shopping process can help position the brand as a partner in the process.

FIGURE 23: ITEM RECIPIENTS BY ITEM, 2021

*"Who have you purchased each of these types of watch or jewelry items for in the past 12 months? Please select all that apply per type."*



■ For myself   ■ For a spouse/partner   ■ For a family member   ■ For a friend

Base: internet users aged 18+ who have purchased watches or jewelry in the last 12 months

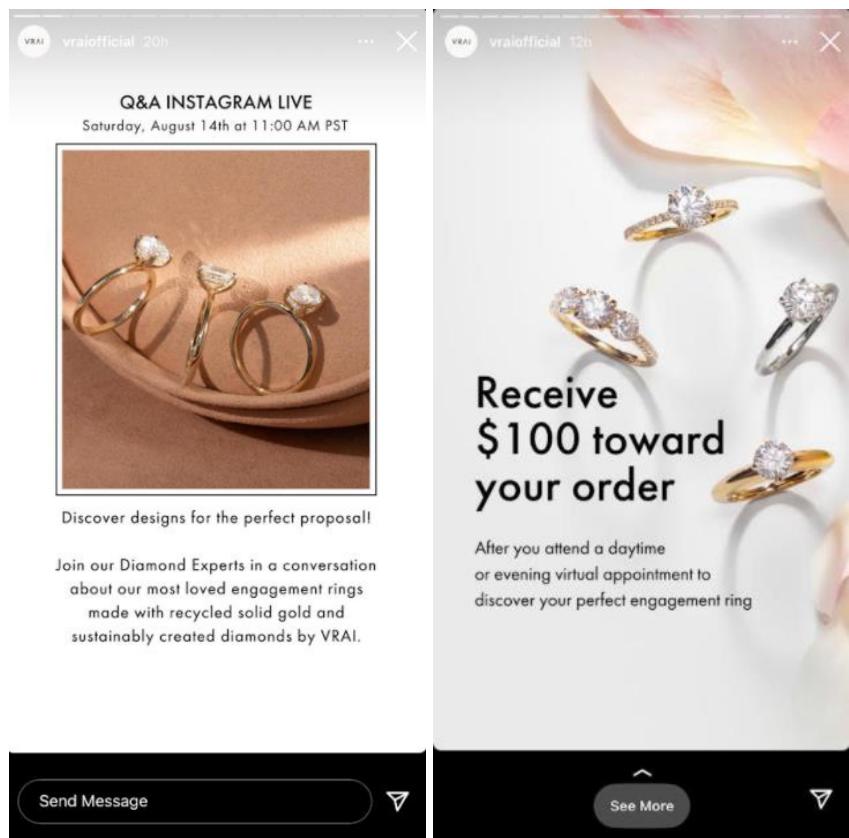
Note: base sizes vary by item type; see *Databook* for full details

Source: Kantar Profiles/Mintel, June 2021

Additionally, it is important to make of the journey a joint experience, since preferences are often shared between the couple. This is evidenced by nearly one fourth of consumers citing that they learn about watches and jewelry from their partner or spouse (see Sources of Learning). Brands should consider an online feature that enables consumers to create an account in which both could log in, provide input (either together or separate) and receive advise from experts. For those who don't have (or don't want to have) their partner involved, 3D prototypes or temporary settings could offer flexibility so once they surprise their partner, the recipient can make the final decision about the details.

Moreover, aspects that are part of the post-purchase such as satisfaction guarantee, sizing adjustments, cleaning services, tips to better care for the item, and insurance will all add value and may influence the purchasing decision in the first place.

FIGURE 24: CONVERSATION WITH EXPERTS BY VRAI



Source: Instagram, August 2021

# Reasons for Purchasing

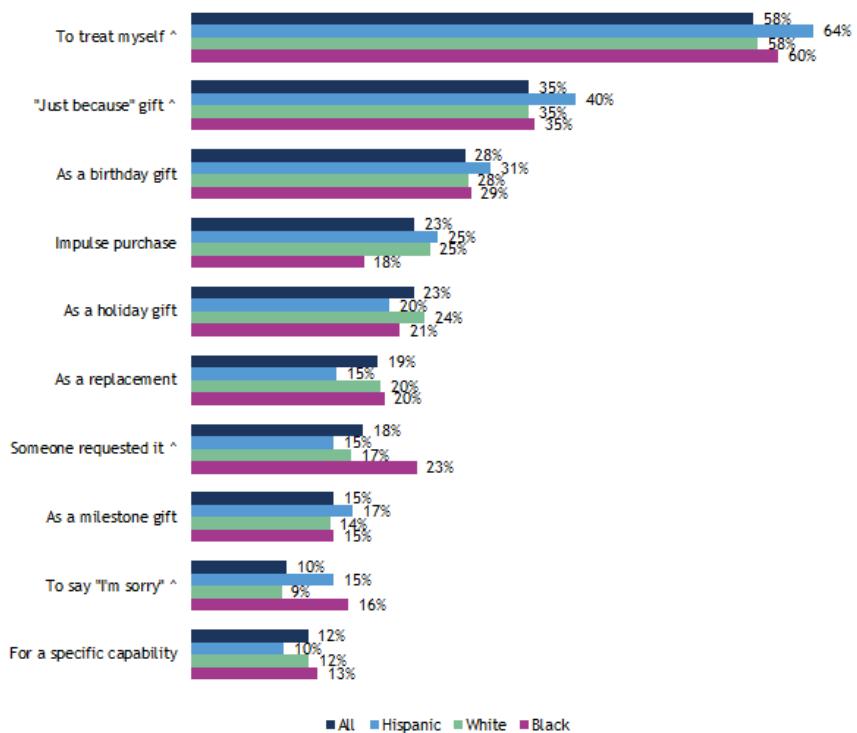
## Everyone deserves a bit of luxury now and then

Consumers don't set limitations of needing a reason to shop, which is evidenced by nearly 60% of consumer shopping to treat themselves and more than one third shopping for a "just because gift" for others, both of which increase among Hispanic consumers.

This is a massive opportunity for brands and retailers to spark a desire to shop among consumers. Shoppable posts or live shopping events on social platforms that inspire customers and streamline the shopping journey or allow customers to save the items they like to buy them later, could maximize opportunities for self and "just because" gifting. This, together with well-suited messages emphasizing the functionality or purpose the item has, could prompt customers to shop. For example, Jack Weir & Sons, a family-owned estate jewelry company, is encouraging customers to discover their next treat through Instagram ads, including a link to visit the retailer's profile, where the retailer has enabled its IG shop, shares consumers' reviews, items on sale, and a care guide, among another features. Brands could also promote self-gifting for milestones such as job anniversaries or new jobs, targeting customers through platforms like LinkedIn or Indeed based on profile updates.

FIGURE 25: REASONS FOR PURCHASING, BY RACE AND ETHNICITY, 2021

*"Why have you bought watches or jewelry in the past 12 months? Please select all that apply."*



Base: 1,118 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

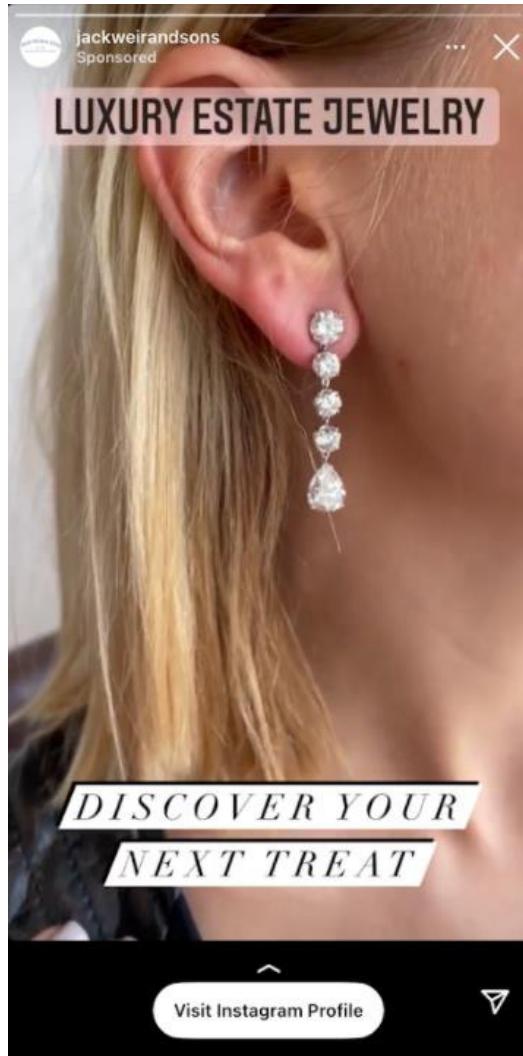
Note: base sizes vary by reason; see *Databook* for full details

Source: Kantar Profiles/Mintel, June 2021

When it comes to Hispanic consumers, it is noteworthy that this consumer group is the most likely to perceive a high price tag as a barrier to purchase (see *Databook*). As a result, value offerings are of extreme importance to appeal to them. Flexible payment options that let them pay in installments and/or BOGO promotions that allow them to treat themselves and get an additional item for a loved one could resonate with them. Brands would also want to collaborate with multicultural influencers that contribute to make the marketing efforts more authentic and appealing.

Alternatively, Black consumers overindex on shopping because someone requested it. Brands and retailers will want to reach these consumers as they research or look for the best option to fulfil the request. Generally, when consumers know what they want they focus on where they can get it at the best price, and that journey often starts with search engines and bars. By listing items on sites such as Google shopping, brands and retailers will increase their exposure, drive traffic to their respective website, hence increase the probability of a conversion. On brand-owned channels like websites, the optimization of the search bar is also important. To get the most out of it when consumers use it, brands and retailers will want to showcase similar brands or items. Adding value post-purchase with flexible returns, in case the request doesn't meet expectations, would also be appreciated by this consumer group.

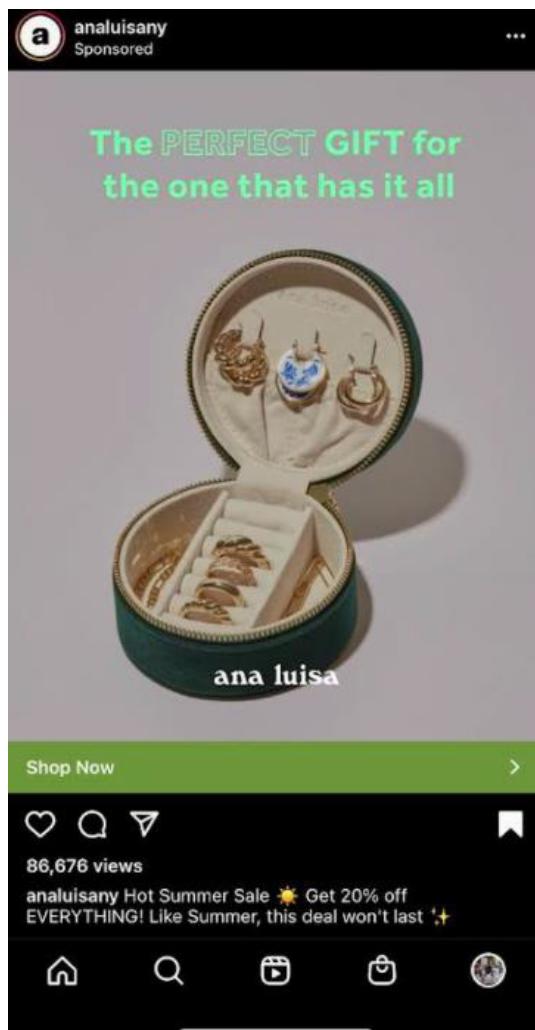
FIGURE 26: JACK WEIR & SONS PROMOTING DISCOVERY



Source: Instagram, August 2021

Singularly, White consumers overindex shopping for watches and jewelry as a holiday gift. Thus, connecting with them for occasions such as Mother's Day, Father's Day or winter holidays, highlighting giftable assortment or gift cards across channels, would bring rewards. When speaking of winter holidays, it is noteworthy that the shopping timeline is being redefined with more people shopping earlier than they have before. For more than four in 10 adults, this means shopping year-round for the holidays to take advantage of sales and deals (see *Winter Holiday Shopping – US, 2021*). As such, brands should highlight deals and items that could be used for gifts throughout the year, as seen in the example from the jewelry brand Ana Luisa where it promoted gift ideas during its summer sale. This exemplifies how brands and retailers can encourage consumers to shop the category without necessarily needing to make a big watches or jewelry purchase, especially if shoppers are unsure about the recipients' preferences and needs.

FIGURE 27: THE PERFECT GIFT FOR THE ONE THAT HAS IT ALL BY ANA LUISA



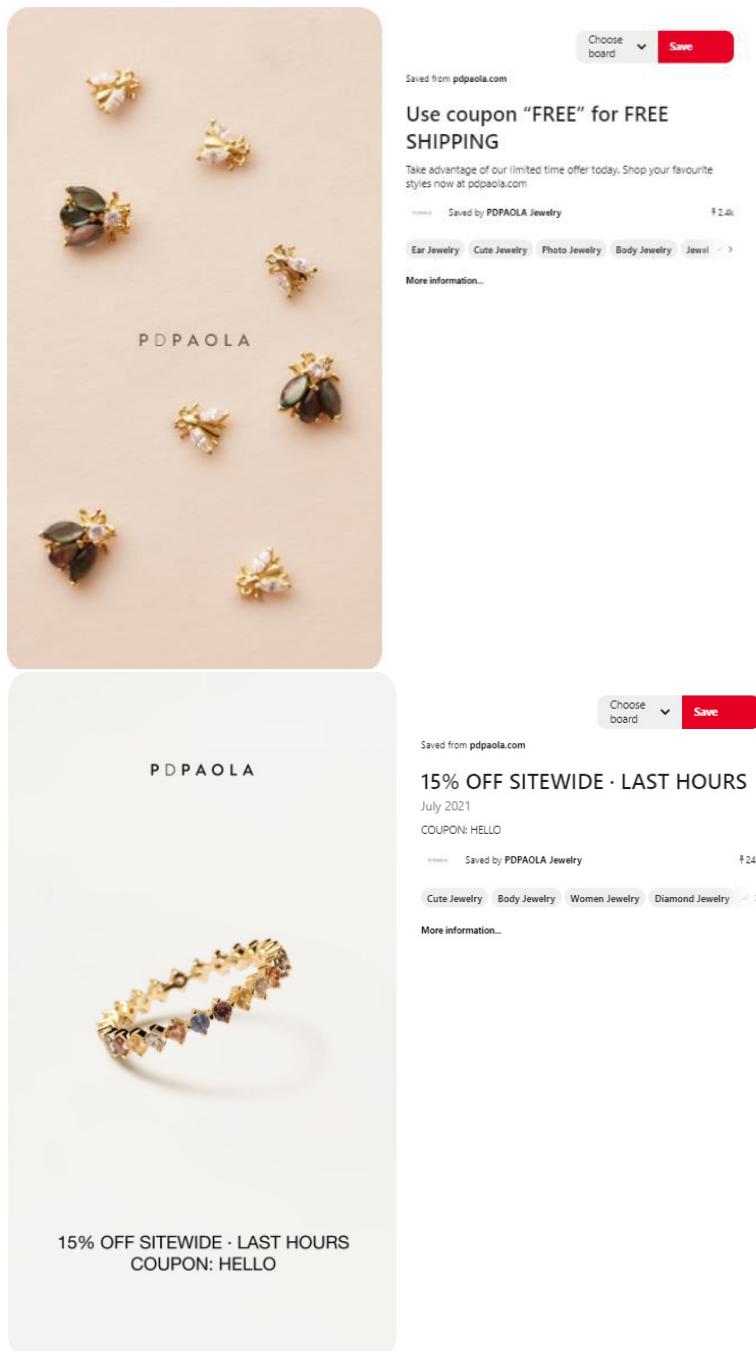
Source: Instagram, August 2021

## Gifting and self-gifting

Men are more likely to turn to watches and jewelry for gifts, while women are more into the self-indulgence and unplanned purchases. That difference behind their drivers highlights the need of tailored messaging and curated assortment to meet their individual requirements.

To target men, a specific reason or occasion should be considered, in tandem with showcasing jewelry items such as earrings and necklaces (see Item Recipients). When it comes to women, they can be targeted year-round. Fashionable trends like stackable jewelry or adornments for pierced ears and limited-edition items could all resonate with them. Brands and retailers will want to highlight the assortment of items on social platforms favored by this consumer group (eg Instagram, Pinterest), as well as look to cross-promote with clothing brands to highlight items that could complete a look or pair well based on a consumer's outfit purchases. In line with that, jewelry brand PDPAOLA leverages social channels to showcase its items as well as share special offers like free shipping or limited-time discounts; such efforts could motivate those exploring items or with saved pins from the brand to finally make the decision to shop. Another option could also be bundled jewelry items like rings and bracelets with nail polishes, or partnerships with nail artists and salons, as consumers often look to pair jewelry pieces with well-cared for nails to make more of a statement. Exploring mini-shops or displaying items in salons could be a way to reach consumers while they are in a controlled environment and may be thinking about such items.

FIGURE 28: SPECIAL OFFERS ON PINTEREST BY PDPAOLA



Source: Pinterest, August 2021

For example, Mejuri a direct-to-consumer brand provides fine jewelry at a fraction of its price based on its business model. The brand believes that luxury should be accessible and a part of everyday life, and that women do not have to wait for someone else to give them fine jewelry, encouraging self-purchases just as they would shop for clothing or shoes. As seen in the shoppable post example below from Mejuri, it appeals to consumers' look by inspiring the match of jewelry pieces with done nails, motivating women to look good from a 360 angle.

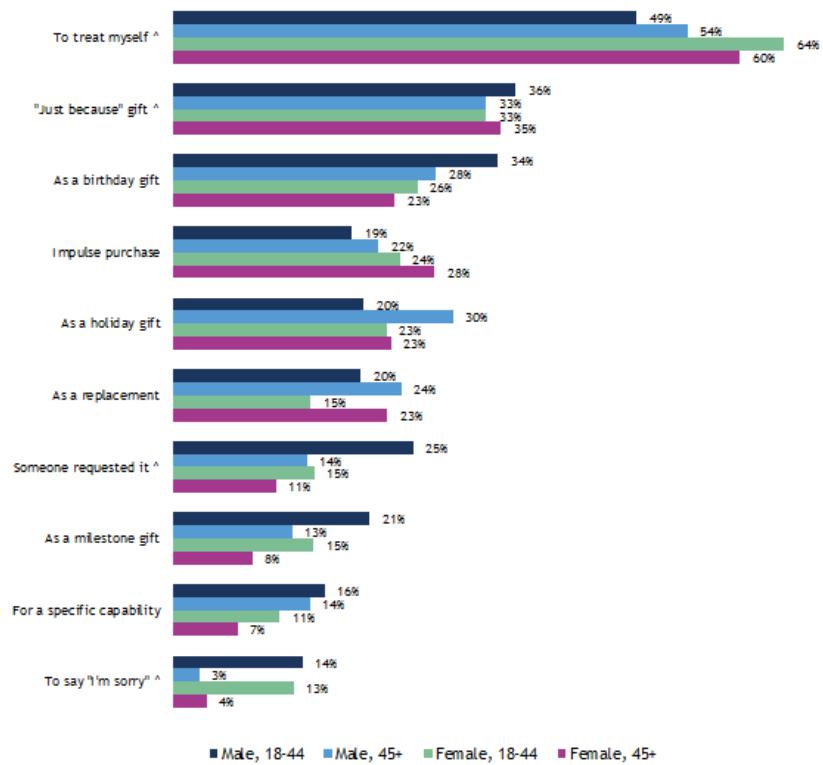
FIGURE 29: MATCHING JEWELRY AND NAILS BY MEJURI



Source: Instagram, August 2021

FIGURE 30: REASONS FOR PURCHASING BY GENDER AND AGE, 2021

*"Why have you bought watches or jewelry in the past 12 months? Please select all that apply."*



Base: 1,109 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Note: base sizes vary by reason; see *Databook* for full details

Source: Kantar Profiles/Mintel, June 2021

# Barriers to Purchase

## Why would they buy jewelry, if they don't wear it?

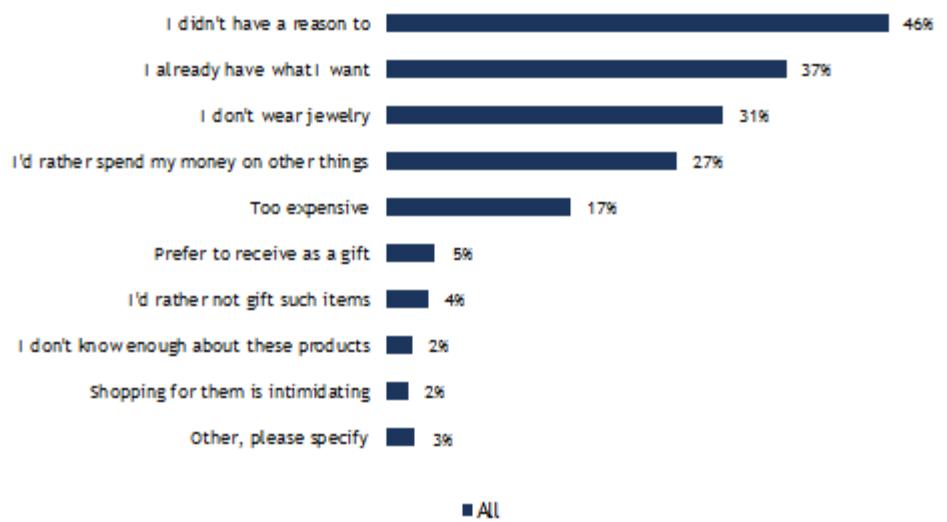
Nearly half of consumers didn't have a reason to buy watches and jewelry. The pandemic's impact of limiting reasons to dress up along with other factors such as a decrease in marriages and child births are all contributing to consumers having few reasons to shop the category. While efforts around traditional occasions (eg engagements, anniversaries, holidays) will continue to be important, brands and retailers should focus on prompting consideration and shopping for watches and jewelry around other milestones such as starting a new job, graduations, or key birthdays (eg sweet 16, 40<sup>th</sup>). Furthermore, brands could also look to tap into smaller holidays, such as Galentine's Day, to encourage shopping amongst a group of friends.

Incorporating gift guides across channels, showcasing watches and jewelry and who would be the perfect recipient according to the characteristics of the item, would be a way to not only inspire consumers but to facilitate their journey as they look for the perfect gift.

A worrisome statistic is that of those who haven't purchased jewelry in the past 12 months, nearly one third don't wear jewelry, which jumps to 40% among 18-34 year olds. As young generations increase their purchasing power, brands and retailers need to nurture a relationship with them to help bring them into the category. If people don't incorporate watches and jewelry at an early stage of their life, there is the risk for these generations to not wear this type of items at all.

FIGURE 31: BARRIERS TO PURCHASE, 2021

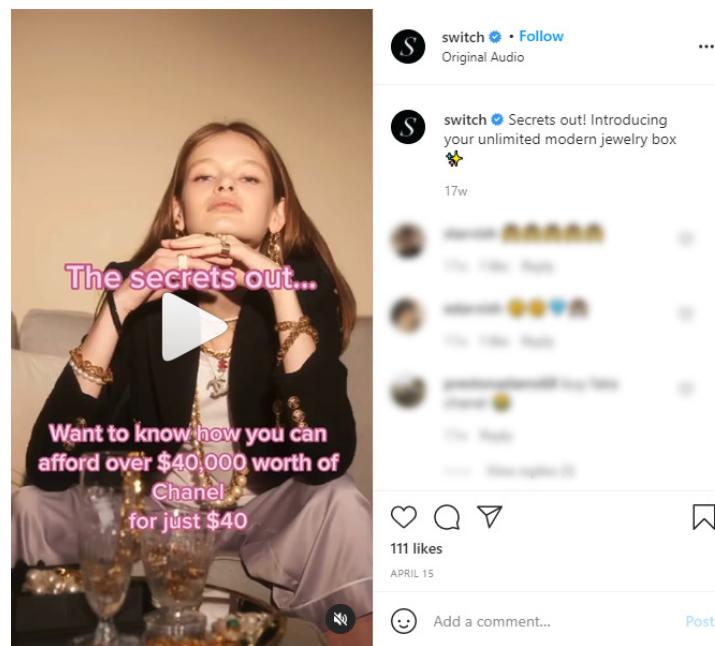
*"Why haven't you bought any watches or jewelry in the past 12 months? Please select all that apply."*



Base: 882 internet users aged 18+ who have not purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

FIGURE 32: DESIGNER JEWELRY FOR \$40/MONTH BY SWITCH



Source: Instagram, April 2021

Brands should focus on creating avenues that encourage trial and exploration of these items. Subscription services, such as Switch – that allow customers to borrow, wear and switch – could contribute to creating awareness and help young generations to find and define their style, as well as appeal to them from a sustainable standpoint. An alternative is to take a similar approach to Frank Darling's try-at-home service. The jeweler allows customers to select four engagement rings, try on replica rings at home for a limited period of time, and then return them with a prepaid label. This approach can help customers have a better feel of the items and decide if it goes well with their lifestyle.

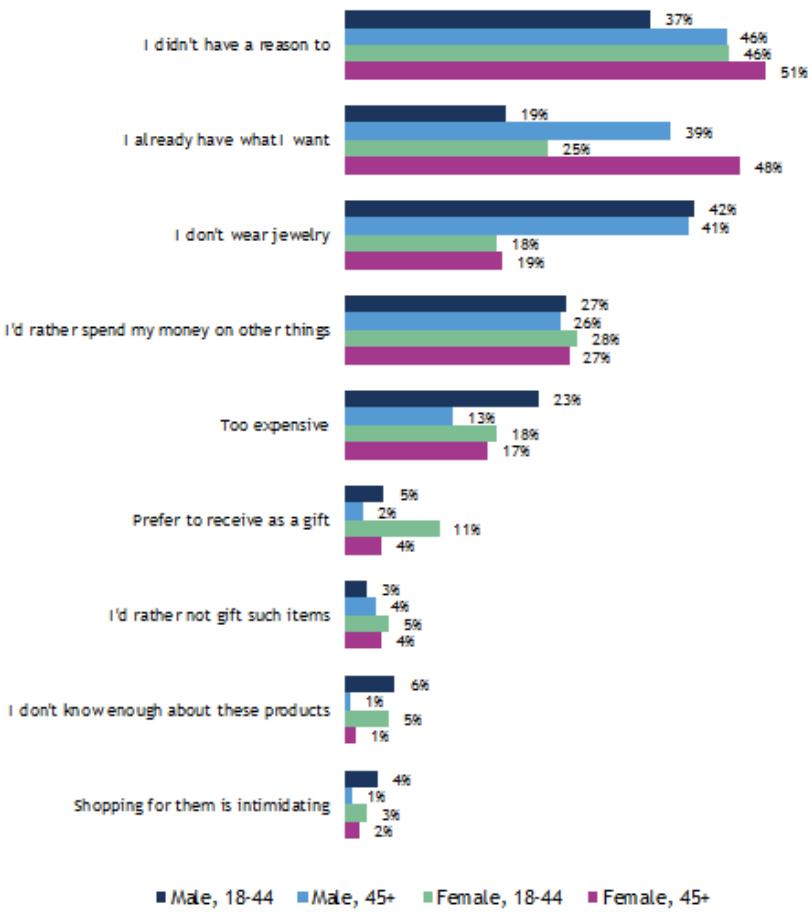
### Explore options to attract consumers across genders and age

Consumers define their style with age. To get to that point, they go through trial and error until they find or receive from others what they like. That's evidenced by older consumers being more likely than their younger counterparts to already have what they want. This means that young consumers *still* don't have what they aspire to own, which is due to lack of familiarity with watches and jewelry or their associated price (see Attitudes toward Watches and Jewelry).

If younger customers had access to more affordable options that allow them to discover what they like or not, and stylists or influencers that assist them while they shop, that could help them define their style and feel more confident to invest in watches and jewelry.

FIGURE 33: BARRIERS TO PURCHASE BY GENDER AND AGE, 2021

*"Why haven't you bought any watches or jewelry in the past 12 months? Please select all that apply."*



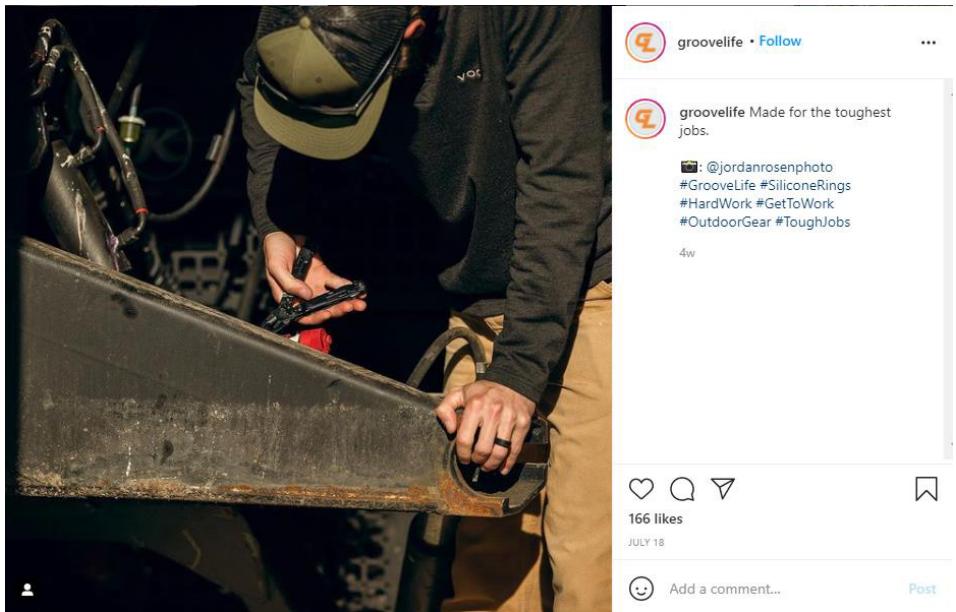
Base: 881 internet users aged 18+ who have not purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

With this in mind, brands should explore the adoption of secondhand and rental offerings. The former could connect and motivate those consumers that already have what they want to turn back branded items no longer wanted in exchange of credit for a new one. Those returned pieces could be used to engage young customers that perhaps don't have the financial means or the confidence to invest in the item when new. When it comes to rentals, they give access to goods and flexibility to try different styles without the need of paying full price, which can be particularly useful at consumers' discovery stage.

Unsurprisingly, men are more likely than women to not wear jewelry. Traditionally, this consumer group has a more limited set of styling options overall. As women do, they should have at least the option to individualize and better express themselves through their appearance. Brands and retailers could engage this consumer group by increasing the focus on and offering of jewelry collections geared to them as well as functional and innovative items that speak to their lifestyle. For example, Groove Life designs and produces adventure-inspired outdoor lifestyle product lines. Among them, silicone rings, which are functional regardless of the lifestyle that men and women may have.

FIGURE 34: SILICONE RINGS BY GROOVE LIFE



Source: Instagram, July 2021

# Retailers and Channels Shopped

## There is a new era in retail

When asked about purchase locations over the 12 months prior to June 2021, consumers indicate that online has been the main channel used to shop watches and jewelry. Pandemic-related restrictions and concerns have driven consumers to look for an alternative to the traditional channel. Yet, consumers are growing accustomed to the value that the online channel adds to their shopping experience, which will make the relevance of this channel prevail even when the pandemic subsides.

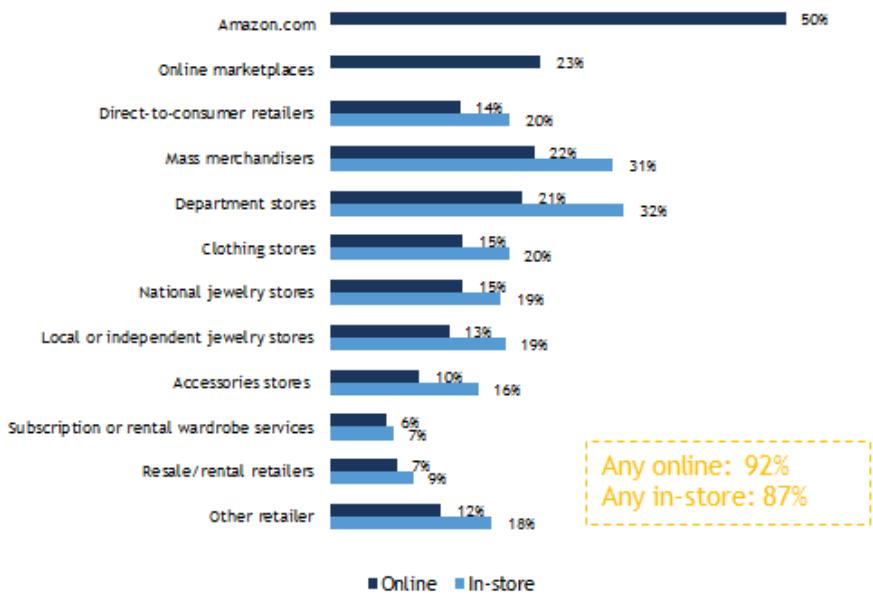
Since the way consumers shop is shifting, the way retailers sell needs to change as well. Digital efforts should be a complement and consistent with what is offered in-store in order to offer a seamless shopping experience, regardless of where consumers end up transacting. That said, those with omnichannel offerings need to continue enhancing the online shopping experience to not lose sales to competitors.

Retailers should consider blurring the lines between retail and supply chain, such as by making inventory details by store available online and offering BOPIS shopping options. This way, consumers interested in seeing the item in person can visit the store, and those confident in what they see online can just pick it up without incurring to additional charges for its shipping or being concerned about a lost package.

Virtual consultations or tools such as augmented reality that allow customers to ask questions and try items online without the need to step into a store could also be useful to make the shopping experience convenient and enjoyable – especially for those brands without a physical presence, as highlighted by the efforts mentioned previously by the brand Vrai (see Item Recipients). The more frictionless the shopping journey can be, the better.

FIGURE 35: RETAILERS SHOPPED BY CHANNEL, 2021

*"Where have you shopped for watches and jewelry in the past 12 months, either in-store or online? Please select all that apply per method."*



Base: 1,118 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

FIGURE 36: CONCEPT STORE BY PANDORA



Source: Twitter, September 2019

With so many options online, physical spaces can also be used to differentiate from competition and offer customers a unique experience. For example, Pandora's concept stores help customers to easily navigate the store and discover for themselves. Featuring a charm bar, which is the central focus of the concept, a discovery table that includes a top collection across all categories, and an engraving station, where customers can get their jewelry personalized in just a few minutes. Concepts like this give the customer a reason to visit the store, which ends up being equally, if not more, about the experience as it is the product.

### What consumers want defines where consumers shop

Amazon, department stores and mass merchandisers are leading the category. A common denominator among these three

retailers is their variety in assortment. As a result of the pandemic, consumers are consolidating their shopping journeys, prioritizing one stop shops and ecommerce, behavior that is likely to continue moving forward, unless specialty retailers create more purposeful retail environments or find ways to add more value, giving customers a clear reason to shop with them.

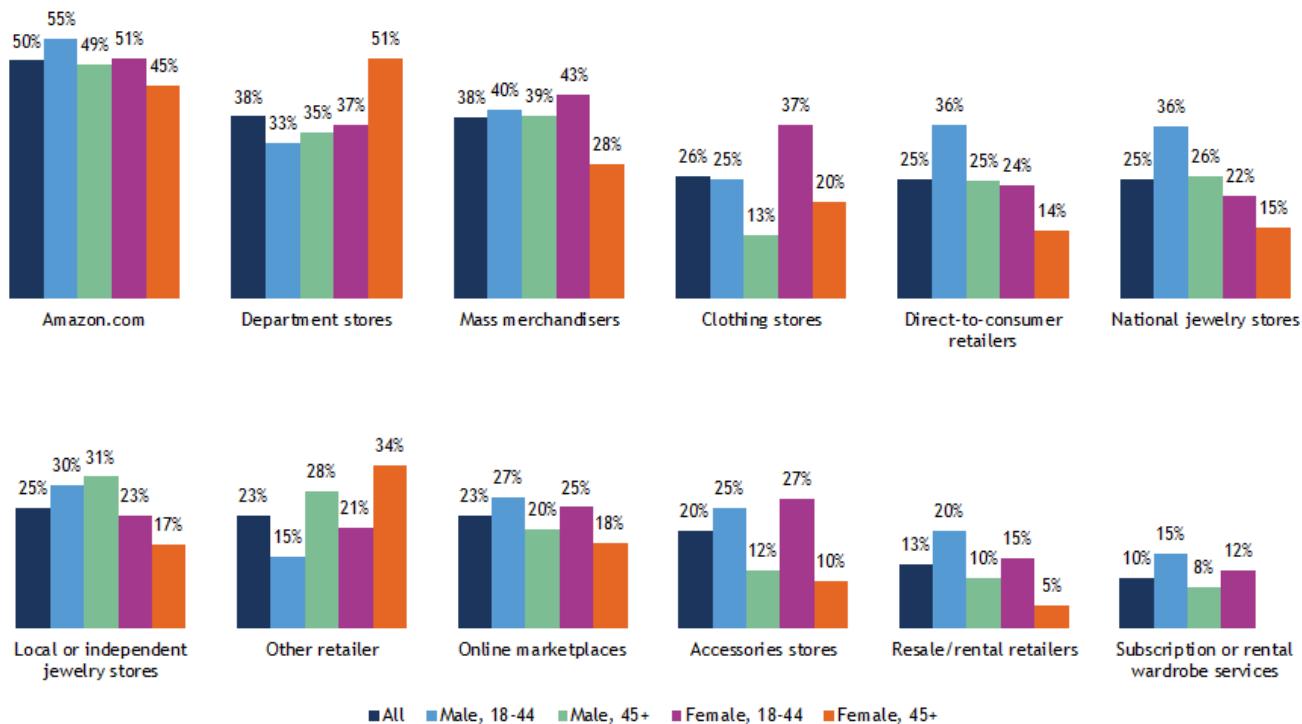
Generally, fashion or costume jewelry can be found at mass merchandisers, clothing stores and accessories stores. These retailers are favored by younger women, likely due to their affordability and variety in assortment. Retailers with similar offerings, such as Amazon or resale retailers, can further appeal to this consumer group by highlighting jewelry while women shop for clothing. These retailers can suggest related items from different perspectives, such as, "to complete the look," "go well together," or

"frequently bought together." This approach could inspire women to shop for jewelry and maximize the average order value.

Singularly, young men are more likely than women to shop at DTC, national and local/independent jewelry stores and resale retailers. These types of retailers are experts in the category and carry quality items which provide credibility and reassurance to male consumers. Still, department stores known for their premium offerings are lacking to appeal to this consumer group – highlighting an area of opportunity to better appeal to this segment. Thus, these retailers can look to target men for gifting occasions on channels where they are commonly consuming content such as TV and social media, as well as within content they are engaging with such as sports and gaming (see Attitudes toward Watches and Jewelry).

FIGURE 37: RETAILERS SHOPPED BY GENDER AND AGE, 2021

*"Where have you shopped for watches and jewelry in the past 12 months, either in-store or online? Please select all that apply per method."*



Base: 1,109 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

# Stones and Materials

## White gold and diamonds are timeless

White gold and diamonds continue to attract the most consumers. Yet, brands need to explore the specifics about stones and materials to attract customers with gendered or genderless items.

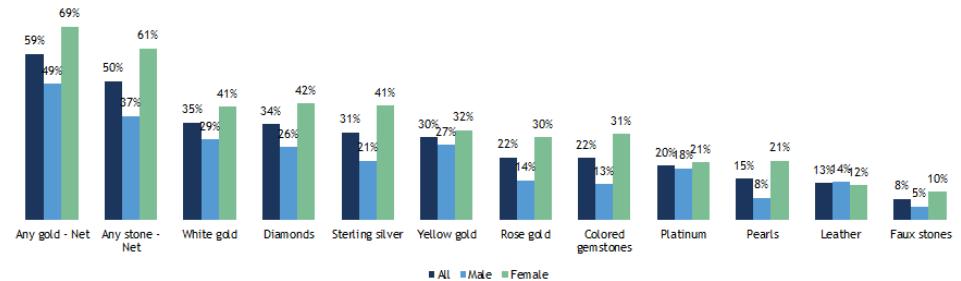
While females overindex for preferring almost every stone and material; leather, platinum, yellow gold and faux stones have a small gap between women and men in terms of preference. These materials and stones could be useful for items geared to men or unisex concepts.

Conversely, when it comes to sterling silver, colored gemstones, diamonds and rose gold, the gap of preference between men and women amplifies. Suggesting that women are more prone to like these materials and stones than are men. Hence, they should be used for items geared to women.

Capitalizing on females' enthusiasm about materials, brands and retailers could also encourage them to mix materials as The RealReal and Mejuri are doing. To entice consumers, promotional efforts that encourage mixing and matching materials, such as a discount when buying one item in gold and getting another in silver, should be considered. Efforts like this can be particularly appealing as consumers seek to get the most out of their money.

FIGURE 38: PREFERRED STONES AND MATERIALS, BY GENDER 2021

*"What types of stones or materials do you prefer in your jewelry or watches? Please select all that apply."*



Base: 2,000 internet users aged 18+

Source: Kantar Profiles/Mintel, June 2021

FIGURE 39: METAL MIX STRATEGIES

mejuri • Following

Source: Instagram, Customer email/ Mintel, August 2021

## Generational trends impact materials and stones preference

Gen Z is a generation that wants to be seen as creative, motivated and unique (see *Marketing to Gen Z – US, 2021*). This behavior means that non-traditional styles and alternative stones can be expected for the years to come.

A sign of this is the increasing appeal of stones among young generations and less traditional material – eg rose gold. Stones add a unique touch to every piece of jewelry, whether it is for spiritual beliefs, mental associations with colors, the history behind it, or pure rarity. The increased interest in stones among young generations suggests that youngsters seek more non-traditional and unique styles. *Individuality*, one of the Pillars of Mintel Trend Driver *Identity*, describes how consumers are comfortable

expressing themselves and expect brands to meet and respect their unique demands. With this in mind, brands need to ensure they are offering items that resonate with this younger consumer segment.

To better understand customer stone preferences, brands could explore interactive activities in social media platforms, such as “This or That” that enable customers in an easy and entertaining way to share what they like the most. As was explored by Maria Tash, a brand that offers fine jewelry and luxury piercing, the brand utilized Instagram as medium to better understand the ear ornamentation its audience is looking for.

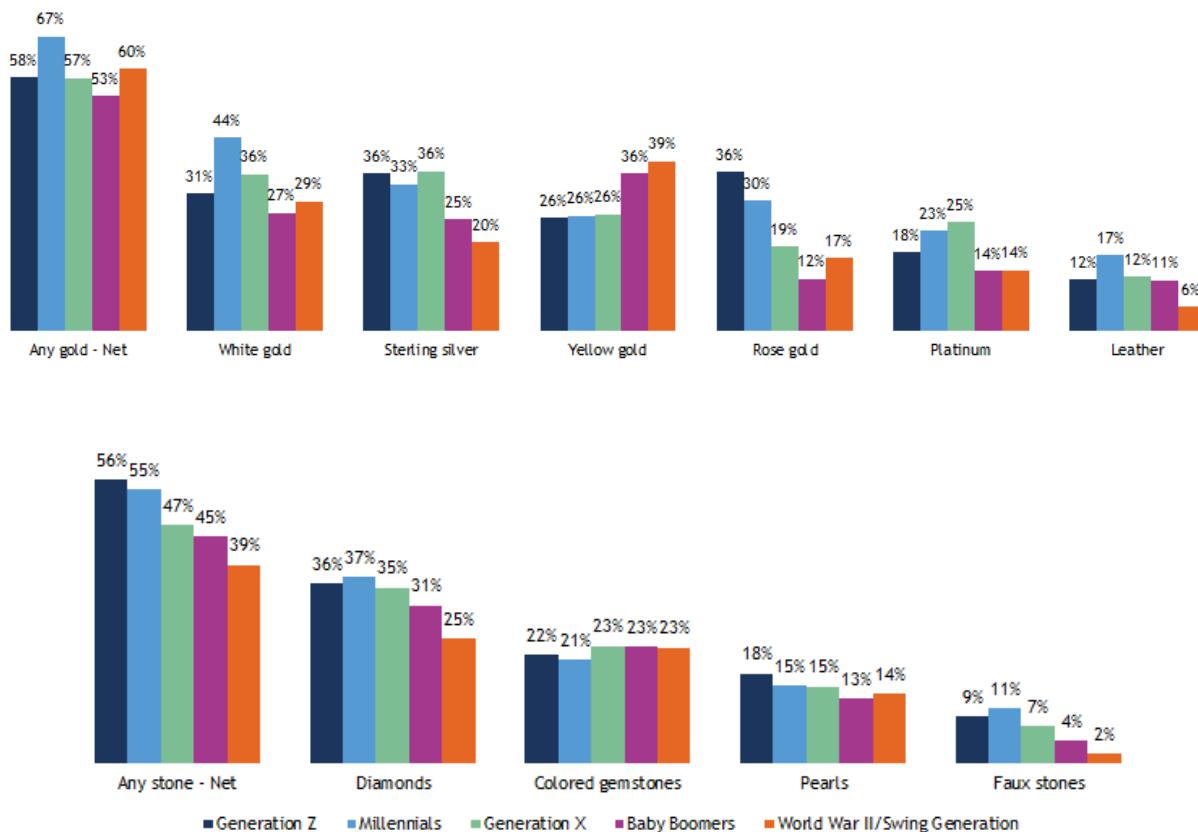
Moreover, the stigma around faux stones seems to be decreasing among young generations, which can be correlated to their preference of ethical practices and

buying sustainably (see Attitudes toward Watches and Jewelry). All these behaviors will open the path to lab grown stones, personalization and bespoke options.

As trends change by generation, and sustainability becomes more of a focus in consumers' lifestyles, brands should consider encouraging customers to trade in items they no longer want, to be melted into new designs or to be sold to another customer as items are, in exchange of credit to buy something else and further appeal to young generations with recycled stones and materials, or ultimately secondhand items. For example, The RealReal – a marketplace for authenticated luxury consignment – partnered with Catbird, a jewelry designer that focuses on recycling and ethically sourcing metals and gave it dated heirlooms from the inventory to upcycle and create new and elevated product offerings.

FIGURE 40: PREFERRED STONES AND MATERIALS, BY GENERATION 2021

*“What types of stones or materials do you prefer in your jewelry or watches? Please select all that apply.”*



Base: 2,000 internet users aged 18+

Source: Kantar Profiles/Mintel, June 2021

This exemplifies how brands can extend the life of items or ultimately materials by partnering with third parties to create new product offerings or sell them and engage with price and environmentally conscious consumers.

FIGURE 41: THIS OR THAT BY MARIA TASH



Source: Instagram, August 2021

FIGURE 42: THE REALREAL X CATBIRD



Source: Instagram, May 2021

# Sources of Learning

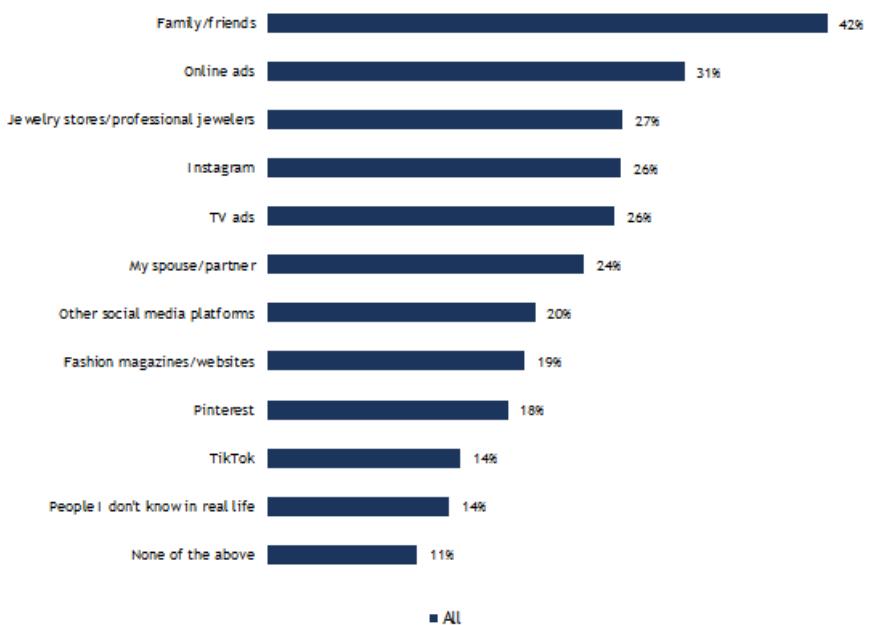
## Consumers need education, information and guidance

Consumers learn about watches and jewelry brands where they can, turning to diverse sources to get familiarized with these categories. Among those sources of information, family and friends take the lead, which implies that consumers want trustworthy sources of information. Based on this behavior, brands can look to encourage word of mouth through referral programs and group discounts for consumers who shop together. Additionally, brands could also focus on promoting their philanthropic efforts and initiatives. Efforts like this will appeal to consumers' desires to be associated with brands that align with their values, as it is highlighted by *Respect and Sustainability*, Pillars of Mintel Trend Drivers *Rights* and *Surroundings*. These efforts can give consumers another point to share with family and friends, beyond the items themselves.

It is noteworthy that among social channels, Instagram has the most influence. As overall social commerce grows (both from brands and consumers), this highlights the opportunity to capitalize from overall features social platforms have – shoppable post, live chats or events and user generated content, like item reviews. Brands could utilize livestream events to give early access to new collections or special promotions, that consequently could drive impulse purchases through sense of

FIGURE 43: SOURCES OF LEARNING, 2021

*"Where do you learn about jewelry or watch brands? Please select all that apply."*



Base: 1,118 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

urgency or fear of missing out, and further encourage shoppers to share reviews or posts of their purchases that could be useful to attract other potential customers, as the brand MVMT explores, as shown in the example below.

TV and streaming service ads are another potential source to connect with consumers.

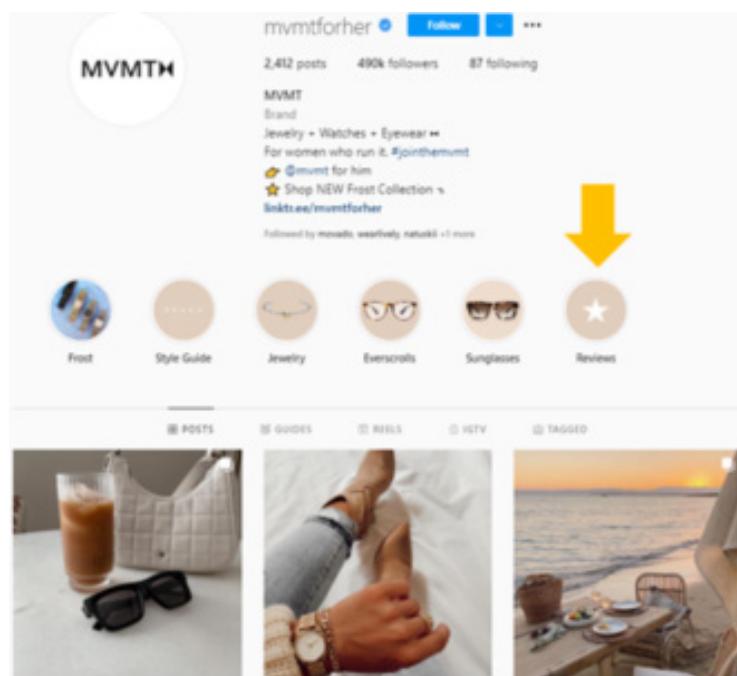
Brands and retailers could incorporate QR codes on commercials that immediately link consumers with the online website or specific product information, offering convenience while increasing the probability of a purchase through a channel that traditionally has been used to drive only awareness.

## Digital presence is imperative to engage with young generations

Overall, people across generations are spending more time online. Still, the younger ones overindex for using online channels and influencers as their source of knowledge. Gen Z and Millennials have grown up in the age of the internet. As a result, access to celebrities and internet personalities is part of their daily lives (see *Internet Influencers – US, 2021*). Considering that young adults are the most active shopping for watches and jewelry (see *Items Purchased*), brands and retailers must prioritize their online presence.

Social platforms (eg Instagram, Pinterest) should be top of mind, since they not only serve to inform and inspire but also transact, or ultimately enable customers to save what they want to buy it later. Brands and retailers will also want to explore partnerships with influencers to better appeal to these generations. Pandora and its brand ambassador Millie Bobbi Brown created a jewlery collection inspired by the actress' favorite animals; the brand also leverages her in social content.

FIGURE 44: CUSTOMER REVIEWS BY MVMT



Source: Instagram, August 2021

FIGURE 45: PANDORA X MILLIE BOBBI BROWN



Source: Instagram, June 2021

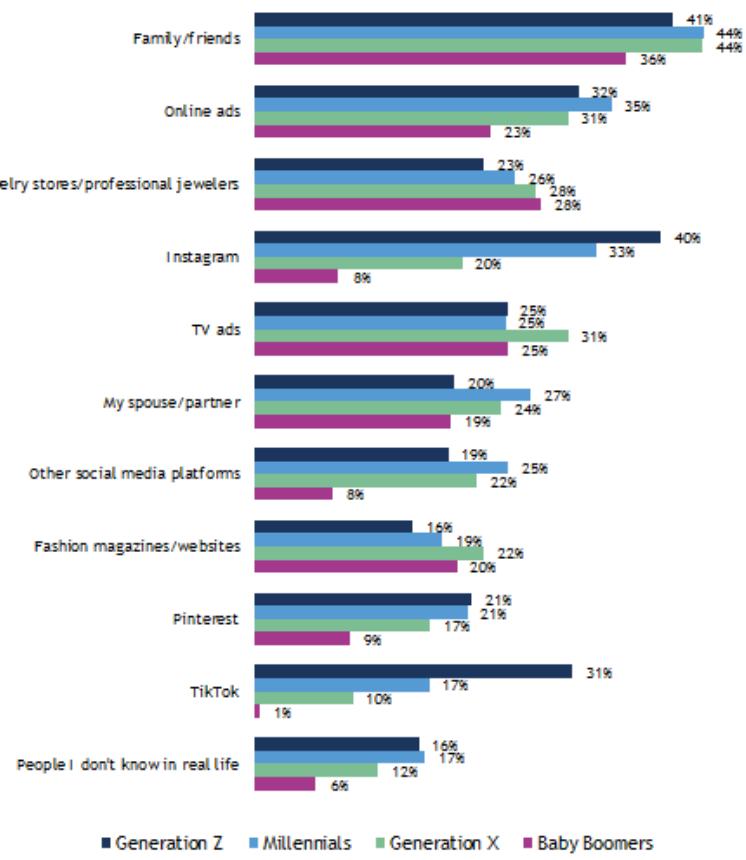
Brands and retailers should also consider optimizing search engines to connect with consumers who may be searching broadly or even for a specific item. Search engines can also make it easier for product comparison; for example, customers can see what retailers carry an item, who offers the best price for it and who doesn't charge for shipping, etc.

On the flip side, older consumers are more likely to rely on elements that are part of the physical environment such as jewelry stores and professional jewelers. Customers' need of expertise and advice can't be ignored (see Attitudes toward Watches and Jewelry), thus brands and retailers should look to replicate offering that knowledge online. That can be achieved with online events, digital appointments or taking an approach similar to Hodinkee, that offers on its website the perfect marriage between a shop and horology expertise through videos, podcasts, and magazine, all of which contribute to make customers feel confident about their purchases and feel part of a watch community, aspects that later on can bring rewards.

While the adoption of ecommerce is increasing across generations, physical channels will continue to play an important role, but a different one from the one played before. Brands and retailers need to give a clear purpose to their physical environment and focus on the experiential angle. Showrooms, shop in shop, and smaller formats are concepts that can be explored to offer an easy navigation that motivates trials and visits by appointments that give customers a sense of exclusivity (see Retailers and Channels Shopped).

FIGURE 46: SOURCES OF LEARNING BY GENERATION, 2021

*"Where do you learn about jewelry or watch brands? Please select all that apply."*



Base: 1,097 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

# Attitudes toward Watches and Jewelry

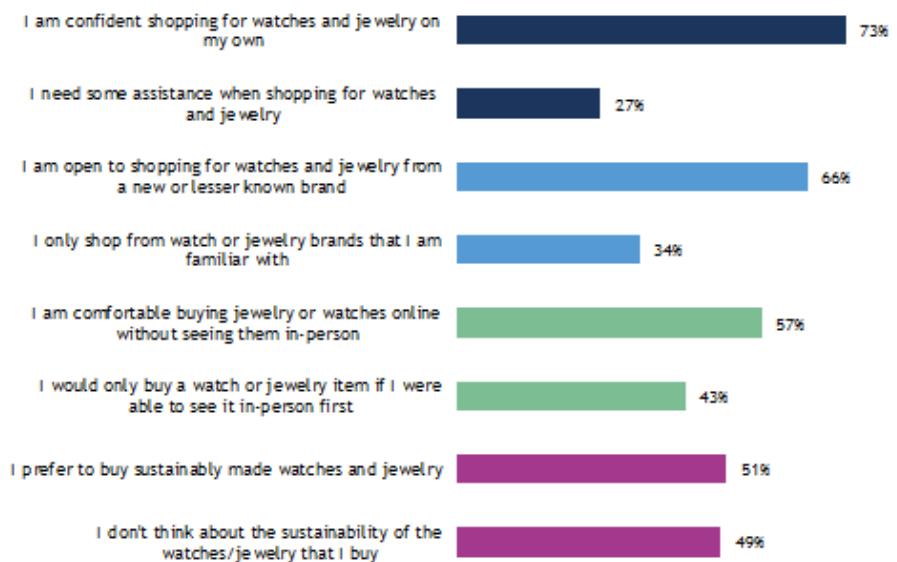
## Guidance is needed BUT on consumers' own terms

There are several factors to consider and things to know when shopping for watches and jewelry, especially when a high price point is involved. Still, the majority of consumers feel confident shopping for watches and jewelry on their own, which may suggest that people want assistance or guidance but when they ask for it. That said, features, services and information across channels that aim to guide the customer are needed. Brands and retailers will want to consider diverse types of content that cater to different learning preferences, such as short or long videos, posts on social media, articles, reviews or more personal approaches like on and offline consultations. All of which will be increasingly important as consumers pivot to shop more online and visual and textual content become the substitution for looking at items IRL.

Among the aspects consumers consider when shopping for watches and jewelry, brand names are not the most important factor, as two thirds of consumers are open to shop from new or lesser-known brands. This is a massive opportunity, especially for direct-to-consumer brands and marketplaces that collaborate with small businesses. To drive awareness, they could partner with influencers or/and list their items on Google shopping. For example, the direct-to-consumer brand Mejuri collaborates with micro influencers and provides them with pieces to wear and promote on social media. Some of these influencers are provided with a unique link and landing page to earn a commission if someone purchases using their link.

FIGURE 47: ATTITUDES TOWARD WATCHES AND JEWELRY, 2021

*"Which of the following statements in each pair are truest for you? Please select the most applicable in each pair of statements."*



Base: 1,118 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

On the flip side, existing legacy brands and jewelers should lean on their expertise and experience in the given category. Leveraging the artisan craft, speaking about the meticulous work and how it makes every item a unique piece of art can appeal to consumers looking to trusted, quality items and can help instill confidence in them as they navigate the shopping experience.

The adoption of online shopping is increasing across categories, and watches and jewelry are not an exception. That's evidenced by 57% of consumers being comfortable shopping online without looking

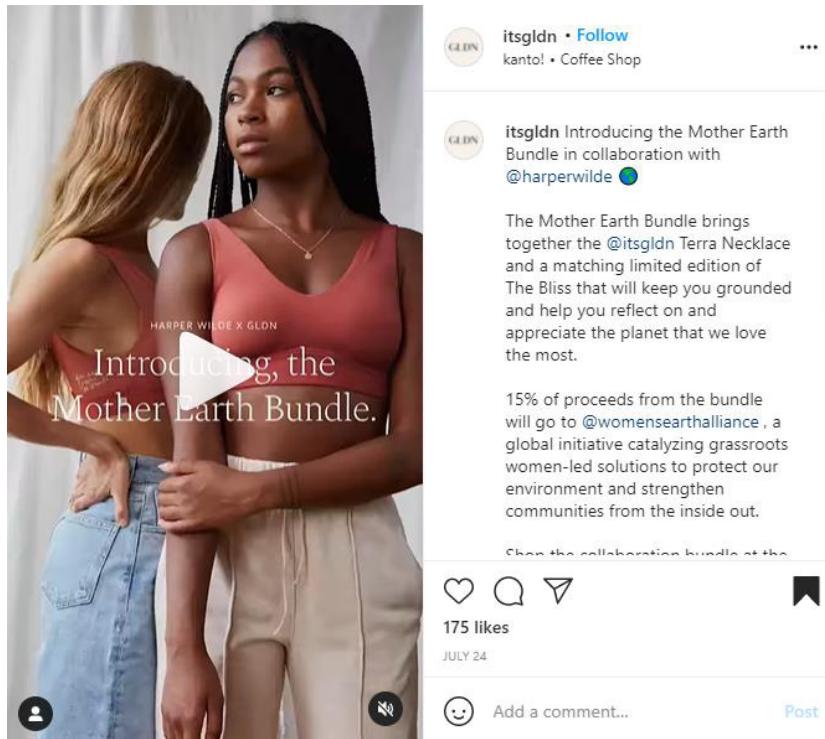
at the item in person. As consumers get more exposed to the online experience, they will have more product options and retailers more competition. Purchases would not be solely about the product itself but about the value brands and retailers can add during the shopping journey. Hence, brands and retailers must ensure they offer convenience in the form of convenient, flexible returns in case the item doesn't fit (or cover shopper expectations), emerging technology that allows customers to interact with experts or products, and seamless shopping that gives customers the ability to shop on and offline with the least friction possible (see *Key Elements of eCommerce – US, 2021*).

It would be also important to not ignore those consumers whose level of comfort is not quite there, and still need to see the item in person in order to make a purchasing decision. Aside from in-store shopping, brands should explore other ways to get items in front of customers and encourage trials. This can be achieved by increasing the brand's presence through store-in-store concepts, pop-ups, traveling showrooms or by sending customers a set number of pieces they like or are indecisive about to try them at home for a couple of days.

Another aspect to explore is sustainability. Consumers want to feel good about where and what they spend their money on. Therefore, brands and retailers need to speak consumers' language by having and highlighting their brand message, purpose and related initiatives. While sustainability may not be top of mind for many consumers while shopping for watches and jewelry, it is an important factor to consumers overall. Therefore, by leading with this message and focus, brands and retailers can appeal to consumers' overarching desires to support the environment – even if it wasn't something they were initially thinking about.

An example of such efforts come from the brand GLDN which partnered with Harper Wilde to create a bundle offering of jewelry and bras, through which 15% of the sales would go to Women's Earth Alliance, an organization that provides leadership and training for women that seek to scale their climate and environmental initiatives.

FIGURE 48: MOTHER EARTH BUNDLE BY GLDN



Source: Instagram, July 2021

## Master the skill of checking the boxes

Men expect more from brands. As they mostly turn to watches and jewelry for gifting or looking for specific capabilities, they may want to be completely sure they are making a good decision, such that they are more focused on quality items, customer service, category expertise, and convenient/easy experiences. Communicating these points can be especially important, as this consumer group tends to splurge when buying and be more loyal customers than women. Evidence of that is that 42% of male consumers only shop from brands they are familiar with (up 13 percentage points when compared to women).

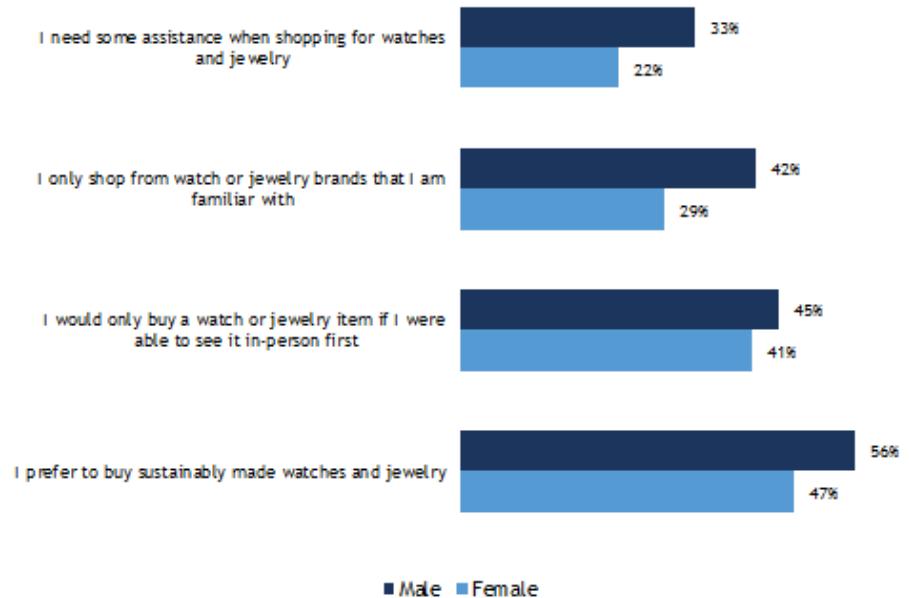
Digital and in-person consultations or appointments, coupled with knowledgeable customer service that provides expertise and advice could help to enhance their shopping experience. Brands and retailers should also highlight sustainability efforts to better appeal to them. That can range from recycled precious metals or stones, to secondhand and rental services.

## Familiarity with the category impacts how consumers shop

As mentioned previously, when consumers are young their style is undefined. As they explore and try new things, they learn what they like and don't like (see Barriers to Purchase). In line with that, young adults are less knowledgeable about watches and jewelry. That may be the reason why they are the most likely to need assistance when shopping and have less comfort shopping online without seeing the item in person.

FIGURE 49: ATTITUDES TOWARD WATCHES AND JEWELRY, BY GENDER, 2021

*"Which of the following statements in each pair are truest for you? Please select the most applicable in each pair of statements."*



Base: 1,109 internet users aged 18+ who have purchased watches or jewelry in the last 12 months

Source: Kantar Profiles/Mintel, June 2021

Thus, brands and retailers must ensure they offer enough help, guidance and tools – off and online – to facilitate the shopping journey of younger consumers and increase their familiarity with these categories.

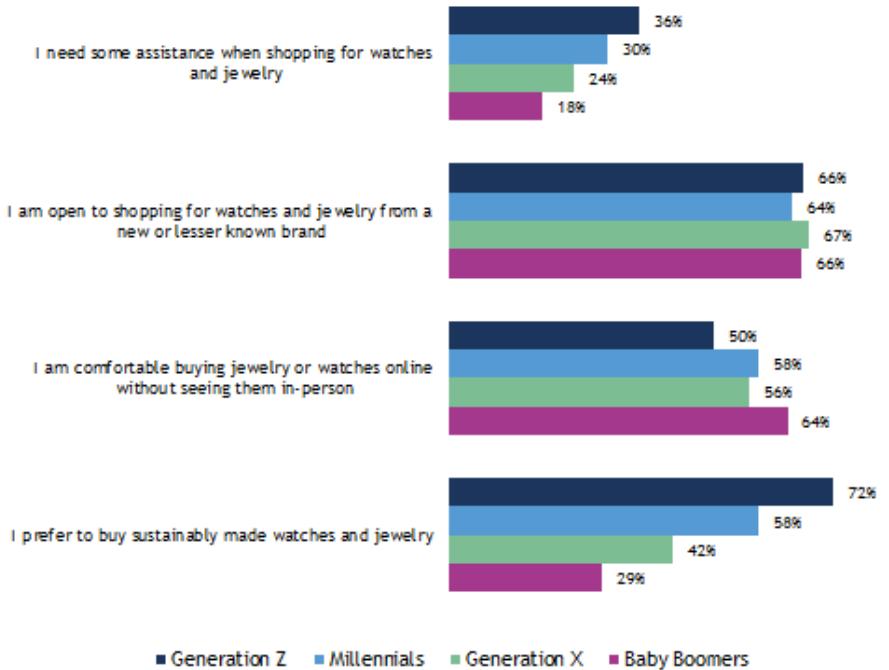
Additionally, young generations overindex when it comes to preferring to buy sustainably made watches and jewelry. This highlights the importance of efforts geared to preserve the planet. Even more when young adults are the most active shopping these categories. Sustainably sourced items, recycling materials and stones, secondhand and rental options or supporting related organizations/initiatives can all contribute to better appeal to these generations.

In line with that, the jewelry maker Pandora is determined to reduce its climate footprint by following specific goals. The company is committed to be carbon neutral in its operations, move further towards circularity by using silver and gold that is or can be infinitely recycled and incorporate green facilities that use 100% renewable energy by installing solar voltaic panels at its crafting facilities and reducing the waste of materials and water.

Brands challenging or aiming to disrupt the category like Triwa – an innovative brand that makes analogue watches from ocean plastic – have an opportunity to appeal to young and environmentally conscious consumers. Analogue watches are being challenged by digital ones, but unique innovations like this can pique customers' interest. Retailers, for their part, can also look into partnerships with brands like these to offer a sense of newness and uniqueness to engage with young audiences.

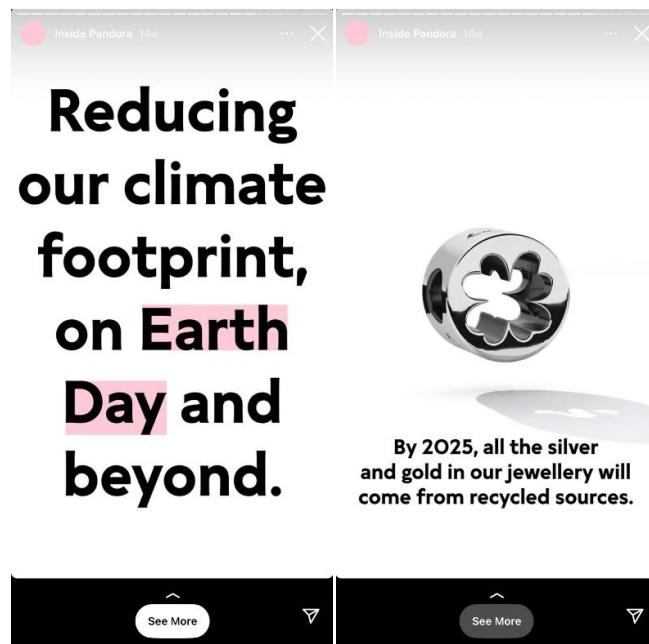
FIGURE 50: ATTITUDES TOWARD WATCHES AND JEWELRY, BY GENERATION, 2021

*"Which of the following statements in each pair are truest for you? Please select the most applicable in each pair of statements."*



Base: 1,097 internet users aged 18+ who have purchased watches or jewelry in the last 12 months  
Source: Kantar Profiles/Mintel, June 2021

FIGURE 51: SUSTAINABLE COMMITMENT BY PANDORA



Source: Instagram, April 2021

FIGURE 52: SUSTAINABLE WATCHES BY TRIWA



Source: Instagram, August 2021

# APPENDIX

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# Data Sources and Abbreviations

## Data sources

### Sales data

- The Market:** Total retail sales based on US Bureau of Economic Analysis, US Census Bureau, Economic Census; forecast developed by Mintel

**Value figures throughout this Report are at retail selling prices (rsp) excluding sales tax unless otherwise stated.**

### Forecast

Mintel has produced this forecast based on a “regression model with ARIMA errors” using the software R.

The model, based on historical market size data taken from Mintel’s own market size database and supplemented by macro- and socio-economic data sourced from credible organizations (eg the Economist Intelligence Unit, the US Census Bureau), produces a central forecast using the relationships between actual market size and a selection of key economic and demographic determinants (independent exogenous variables) as well as lagged values (independent endogenous variables).

For the watches and jewelry market, various indicators were used to produce the central forecast.

For the forecast of watches and jewelry, the total market value is made up of two segments. The following variables were used to forecast each individual segment:

- Jewelry: Average wages (monthly, US\$), % of HHs earning > US\$75,000 p.a., consumer expenditure: Total (US\$), USC Female population 25-34
- Watches: % of HHs earning > US\$75,000 p.a., consumer expenditure: Other goods and services (US\$), gross personal income (US\$).

Next to historical market sizes and a current year estimate, the fan chart illustrates the Mintel forecast (resulting from statistical modelling and qualitative insight) for the market value of watches and jewelry over the next five years.

The future uncertainty within this market is illustrated by the colored bands around the five-year forecast. The widening bands successively show the developments that occur within 95%, 90%, 70% and 50% probability intervals. Statistical processes predict the central forecast to fall within the darker shaded area which illustrates 50% probability ie a 5 in 10 chance.

With a probability of 95%, we are saying that the future actual market value of watches and jewelry will fall within these outer limits, which we call the best and worst case forecast as these, based on the statistically driven forecast, are the highest (best case) and lowest (worst case) market sizes the market is expected to achieve.

### Consumer survey data

For the purposes of this Report, Mintel commissioned exclusive consumer research through Kantar Profiles to explore consumer attitudes and behaviors toward watches and jewelry. Mintel was responsible for the survey design, data analysis and reporting. Fieldwork was conducted in June 2021, among a sample of 2000 adults aged 18+ with access to the internet.

Mintel selects survey respondents by gender, age, household income, and region so that they are proportionally representative of the US adult population using the internet. Mintel also slightly oversamples, relative to the population, respondents that are Hispanic or Black to ensure an adequate representation of these groups in our survey results and to allow for more precise parameter estimates from our reported findings. Please note that Mintel surveys are conducted online and in English only. Hispanics who are not online and/or do not speak English are not included in our survey results.

While race and Hispanic origin are separate demographic characteristics, Mintel often compares them to each other. Please note that the responses for race (White, Black, Asian, Native American, or other race) will overlap those that also are Hispanic, because Hispanics can be of any race.

Starting in July 2017, Mintel’s consumer research has been conducted using a device agnostic platform for online surveys (ie respondents can now take surveys from a smartphone in addition to a computer or tablet). This methodology change may result in data differences from previous years; any trending should be done with caution.

## Abbreviations and terms

### Abbreviations

The following is a list of abbreviations used in this Report.

<b>BOGO</b>	Buy one, get one
<b>BOPIS</b>	Buy online, pick up in store
<b>CBO</b>	Congressional Budget Office
<b>DTC</b>	Direct to consumer
<b>GDP</b>	Gross domestic product
<b>HH</b>	Household
<b>IG</b>	Instagram
<b>IRL</b>	In real life
<b>LGBTQ+</b>	Lesbian, gay, bisexual, transgender, queer (or questioning), intersex, and asexual
<b>LGD</b>	Lab grown diamonds
<b>NFT</b>	Non-fungible token
<b>QR</b>	Quick response
<b>SEO</b>	Search engine optimization

Generations, if discussed within this Report, are defined as:

<b>World War II/Swing Generation</b>	Members of the WWII generation were born in 1928 or before and are aged 93 or older in 2021. There are fewer than 1.5 million members of the WWII generation still alive today. Members of the Swing Generation were born between 1929 and 1945 and are aged 76-92 in 2021.
<b>Baby Boomers</b>	The generation born between 1946 and 1964. In 2021, Baby Boomers are between the ages of 57 and 75.
<b>Generation X</b>	The generation born between 1965 and 1979. In 2021, Gen Xers are between the ages of 42 and 56.
<b>Millennials</b>	The generation born between 1980 and 1996. In 2021, Millennials are between the ages of 25 and 41.
<b>Generation Z</b>	The generation born between 1997 and 2010. In 2021, members of Gen Z are between the ages of 11 and 24.
<b>Generation Alpha</b>	The newest generation began in 2011. In 2021, members of Gen Alpha are younger than age 11.

When split into two groups, Millennials are defined as:

<b>Younger Millennials</b>	Millennials born between 1989 and 1996. In 2021, Younger Millennials are between the ages of 25 and 32.
<b>Older Millennials</b>	Millennials born between 1980 and 1988. In 2021, Older Millennials are between the ages of 33 and 41.

Note: In 2021 Mintel made minor adjustments to generational definitions and thus the size and age of each generational group may not match previous reports.

In order to provide an inflation-adjusted price value for markets, Mintel uses the CPI to deflate current prices. The CPI is defined as follows:

The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The CPI and its components are typically used to adjust other economic series for price changes and to translate these series into inflation-free dollars. Examples of series adjusted by the CPI include retail sales, hourly and weekly earnings, and components of the national income and product accounts. In addition, and in Mintel Reports, the CPI is used as a deflator of the value of the consumer's dollar to find its purchasing power. The purchasing power of the consumer's dollar measures the change in the value to the consumer of goods and services that a dollar will buy at different dates.

The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period. It is also the best measure to use to translate retail sales into real or inflation-free dollars.

*Based on Bureau of Labor Statistics definition.*

# The Market

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FIGURE 53: PRICE OF PRECIOUS METALS, 2021

(USD)	As of 08/23/19	Day range (08/24/21)			52-week range		
		Min	Max	Avg.	Min	Max	Avg.
Gold	1,537.60	1,803.00	1,808.40	1,805.70	1,677.90	2,027.90	1,852.90
Silver	17.55	23.6	23.71	23.66	22.3	30	26.15
Platinum: Spot	857.79	1,014.51	1,020.95	1,017.73	828.47	1,339.73	1,084.10
Palladium: Spot	1,462.10	2,394.52	2,430.75	2,412.64	2,127.06	3,018.82	2,572.94
Copper	253.75	420.1	423.45	421.78	289	487.05	388.03

Note: all figures are per troy ounce except copper which is per pound

Source: Bloomberg, Comex/Mintel

FIGURE 54: ANNUAL BIRTHS AND GENERAL FERTILITY RATE, 2010-20

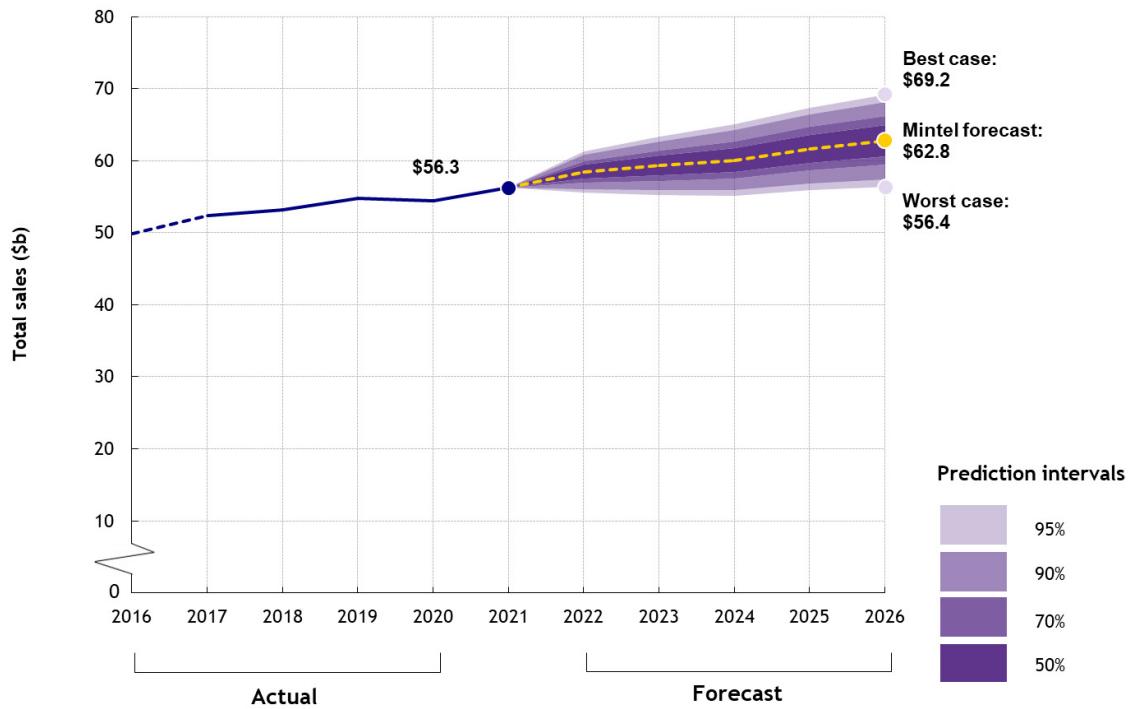
Year	Births (000)	% change	Fertility rate
2010	3,999	-	64.1
2011	3,954	-1.1	63.2
2012	3,953	0	63
2013	3,932	-0.5	62.5
2014	3,988	1.4	62.9
2015	3,978	-0.2	62.5
2016	3,946	-0.8	62
2017	3,856	-2.3	60.3
2018	3,792	-1.7	59.1
2019	3,748	-1.2	58.3
2020*	3,605	-3.8	55.8

\*preliminary

Note: the fertility rate is the number of live births per 1,000 women aged 15 to 44

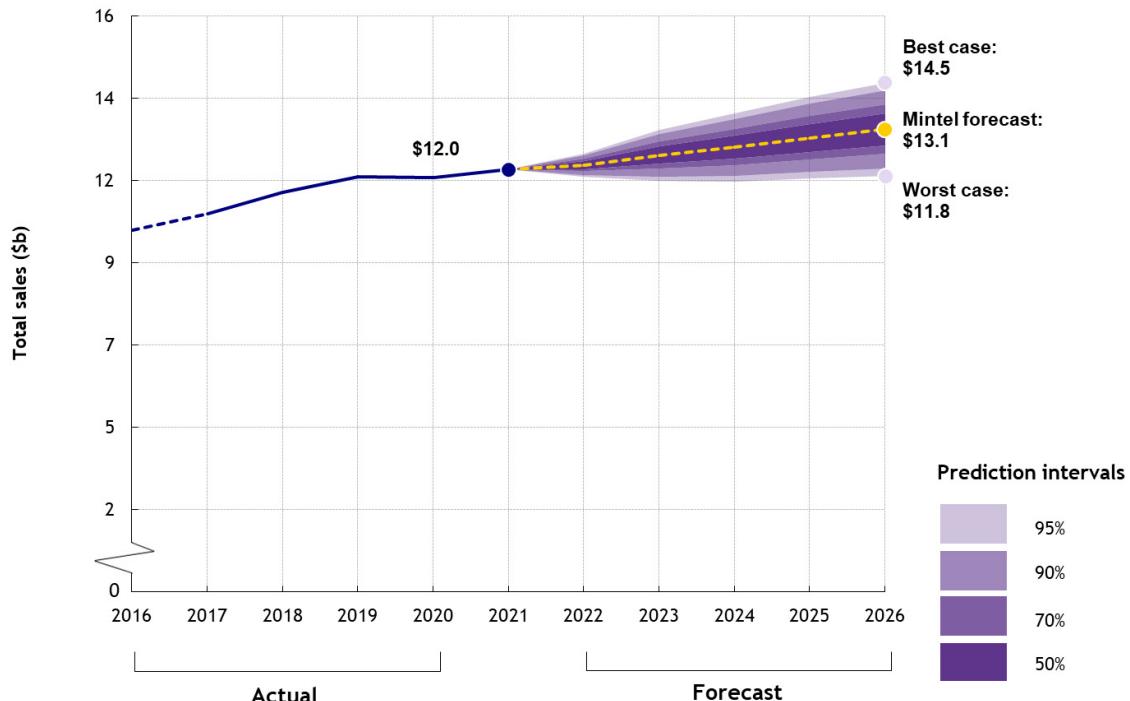
Source: US Centers for Disease Control and Prevention, National Center for Health Statistics, National Vital Statistics Reports/Mintel

FIGURE 55: TOTAL US RETAIL SALES AND FAN CHART FORECAST OF JEWELRY, AT CURRENT PRICES, 2016-26



Source: based on US Bureau of Economic Analysis; US Census Bureau, Economic Census/Mintel

FIGURE 56: TOTAL US RETAIL SALES AND FAN CHART FORECAST OF WATCHES, AT CURRENT PRICES, 2016-26



Note: smartwatches are not included on the market size

Source: based on US Bureau of Economic Analysis; US Census Bureau, Economic Census/Mintel

# RESEARCH METHODOLOGY

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# US Research Methodology

Mintel is an independent market analysis company that prides itself on supplying objective information on a whole range of markets and marketing issues.

There are five main sources of research that are used in the compilation of Mintel reports:

- Consumer research
- Social media research
- Desk research
- Trade research
- Statistical forecasting

Reports are written and managed by analysts with experience in the relevant markets.

Mintel analyzes and interprets data from a variety of sources. Sources are identified below each Figure, table and graph. Data sourced as 'Mintel' are derived from multiple sources, then interpreted and expanded by Mintel analysts. When referenced as 'estimated' the information is either not finalized in the original source or has been extrapolated by Mintel analysts.

## Consumer research

In-depth consumer research examines how social, economic, cultural and psychological influences affect attitudes and purchasing decisions. Mintel combines exclusive primary research with syndicated data to provide an accurate and unique analysis.

## Primary Data Analysis

For each report Mintel develops custom primary research questions and uses specialty research firms for data collection. Mintel uses best in class consumer research strategies to ensure data is of the highest quality.

## Sampling

### Online surveys

Mintel uses set quotas based on gender, age, household income, and region to ensure that survey samples are proportionally representative of the entire U.S. adult internet population.

Starting in July 2017, Mintel's consumer research has been conducted using a device agnostic platform for online surveys (ie respondents can now take surveys from a smartphone in addition to a computer or tablet). This methodology change may result in data differences from previous years; any trending should be done with caution.

Specific quotas for a sample of 2,000 adults aged 18+ are shown below.

Please note: these quotas are only representative of a standard General Population survey sample of 2,000 internet users aged 18+. Sample size, targets, and quotas may vary per report. Please see the Report Appendix for further details.

Mintel uses soft interlocked quotas on age and gender to be inclusive of non-binary respondents while still ensuring the sample remains representative of the overall population.

Age groups by gender	%	N
	Min	Max
Male, 18-24	5.89%	116
Male, 25-34	9.08%	180
Male, 35-44	8.45%	167
Male, 45-54	8.25%	163
Male, 55-64	8.07%	159
Male, 65-74	5.47%	107
Male, 75+	2.86%	55
	5.80%	114
Female, 18-24	9.30%	184
Female, 25-34	8.87%	176
Female, 35-44	8.70%	172
Female, 45-54	8.80%	174
Female, 55-64	6.69%	132
Female, 65-74	3.77%	73
Female, 75+	3.70	72
Gender other than male/female, any age	0	28
<b>Total</b>	<b>100</b>	<b>2,000</b>
Region	%	N
Northeast	17.44%	349
Midwest	20.73%	415
South	38.01%	760
West	23.81%	476
<b>Total*</b>	<b>100</b>	<b>2,000</b>
Household income	%	N
Less than \$25,000	10.68%	214
\$25,000 - \$49,999	16.11%	322
\$50,000 - \$74,999	15.34%	307
\$75,000 - \$99,999	12.88%	257
\$100,000 and over	44.99%	822
<b>Total</b>	<b>100</b>	<b>2,000</b>
Ethnicity	%	N
Hispanic	20.00%	400
Not Hispanic	80.00%	1600
<b>Total</b>	<b>100</b>	<b>2,000</b>

Children in the household	%	N
Household with children aged 5 and under	11.90	238
Household with children aged 6-11	11.90	238
Household with children aged 12-17	11.90	238
Household with no children	64.30	1,286
<b>Total</b>	<b>100</b>	<b>2,000</b>

To ensure an adequate representation of these groups in our survey results and to allow for more realistic interpretation of our reported findings, African American respondents are over-sampled relative to the overall population.

Race	%	N
White	69.89%	1,398
Black	15.00%	300
Asian	6.10%	121
Other race	9.10%	181
<b>Total</b>	<b>100</b>	<b>2,000</b>

## Kantar Profiles

Kantar Profiles is the industry's largest single source of permission-based panels with the largest number of profile attributes globally, with a respondent reach of over 21 million 100% permission-based respondents in the US.

Kantar Profiles only works with permission-based panelists and ensures data collection is done in respect of data protection regulations around the world, whether it's double opt-in (DOI) panelists or programmatic supply. Recruitment methodologies for their DOI respondent panels are done through traditional advertising, as well as both internal and external affiliate networks. Kantar measures recruitment sources on multiple metrics to track both activity and engagement by demographic group, which contributes to the quality of data from their panelists. Kantar Profiles also uses unique quality check tools to add an extra layer of data verification and quality control from recruitment through

project execution.

Note: Lightspeed has been re-branded as Kantar Profiles and is referred to as such in Mintel publications from September 2021 onwards.

## Secondary Data Analysis

In addition to exclusively commissioned surveys, Mintel gathers syndicated data from other respected consumer research firms. This allows Mintel analysts to form objective and cohesive analyses of consumer attitudes and behaviors.

## MRI-Simmons USA

- Mintel reports frequently draw on the MRI-Simmons USA national and teen studies conducted by MRI-Simmons. MRI-Simmons USA is a comprehensive survey of American consumers aged 18 and older. It provides a nationally representative measurement of major media, products, services, and in-depth consumer demographic and lifestyle/psychographic characteristics.
- Over 40,000 Adults 18+, including over 4,000 English and Spanish speaking Hispanics
- Measurement of over 60,000 consumer elements, including over 1,800 psychographic and lifestyle characteristics and consumption of 6,500 products and services in 600+ categories
- Robust multicultural variables covering acculturation, identity, and media questions
- Employees address-based probabilistic sampling, measuring real people randomly chosen to represent the US population for an accurate view of the American consumer
- The samples for the MRI-Simmons Teens Study are taken from the same households participating in the adult study. The Teens Study delivers a complete picture of the demographics, media usage, product consumption, and lifestyle choices of America's teenagers aged 12 to 19 years old.

## Qualitative Research

### Recollective

Recollective provides Mintel with online qualitative research software. This allows the creation of Internet-based, 'virtual' venues where participants recruited from Mintel's online surveys gather and engage in interactive, text-based discussions led by Mintel moderators.

### Further Analysis

Mintel employs numerous quantitative data analysis techniques to enhance the value of our consumer research. The techniques used vary from one report to another. Below describes some of the more commonly used techniques.

### Repertoire Analysis

This is used to create consumer groups based on reported behaviour or attitudes. Consumer responses of the same value (or list of values) across a list of survey items are tallied into a single variable. The repertoire variable summarizes the number of occurrences in which the value or values appear among a list of survey items. For example, a repertoire of brand purchasing might produce groups of those that purchase 1-2 brands, 3-4 brands and 5 or more brands. Each subgroup should be large enough (ie N=75+) to analyze.

### Cluster Analysis

This technique assigns a set of individual people into groups called clusters on the basis of one or more question responses, so that respondents within the same cluster are in some sense closer or more similar to one another than to respondents that were grouped into a different cluster.

### Correspondence Analysis

This is a statistical visualization method for picturing the associations between rows (image, attitudes) and columns (brands, products, segments, etc) of a two-way contingency table. It allows us to display brand images (and/or consumer attitudes towards brands) related to each brand covered in this survey in a joint space that

is easy to understand. The significance of the relationship between a brand and its associated image is measured using the Chi-square test. If two brands have similar response patterns regarding their perceived images, they are assigned similar scores on underlying dimensions and will then be displayed close to each other in the perceptual map.

#### **CHAID analysis**

CHAID (Chi-squared Automatic Interaction Detection), a type of decision tree analysis, is used to highlight key target groups in a sample by identifying which sub-groups are more likely to show a particular characteristic. This analysis subdivides the sample into a series of subgroups that share similar characteristics towards a specific response variable and allows us to identify which combinations have the highest response rates for the target variable. It is commonly used to understand and visualize the relationship between a variable of interest such as "interest in trying a new product" and other characteristics of the sample, such as demographic composition.

#### **Key Driver Analysis**

Key driver analysis can be a useful tool in helping to prioritize focus between different factors which may impact key performance indicators (eg satisfaction, likelihood to switch providers, likelihood to recommend a brand, etc). Using correlations analysis or regression analysis provides an understanding of which factors or attributes of a market have the strongest association or "link" with a positive performance on key performance indicators (KPIs). Hence, factors or attributes are identified which are relatively more critical in a market category compared to others and ensures that often limited resources can be allocated to focusing on the main market drivers.

#### **TURF Analysis**

TURF (Total Unduplicated Reach & Frequency) analysis identifies the mix of features, attributes, or messages that will attract the largest number of unique respondents. It is typically used when the

number of features or attributes must be or should be limited, but the goal is still to reach the widest possible audience. By identifying the Total Unduplicated Reach, it is possible to maximize the number of people who find one or more of their preferred features or attributes in the product line. The resulting output from TURF is additive, with each additional feature increasing total reach. The chart is read from left to right, with each arrow indicating the incremental change in total reach when adding a new feature. The final bar represents the maximum reach of the total population when all shown features are offered.

#### **Social Media Research**

To complement our exclusive consumer research, Mintel tracks and analyses social media data for inclusion in Mintel reports. Using Infegy's Atlas software, Mintel 'listens in' on online conversations across a range of social platforms including Facebook, Twitter, consumer forums and the wider web.

Atlas provides rich consumer insight via the analysis of commentary posted publicly on the internet. The system performs comprehensive and broad collection of data from millions of internet sources, working to ensure a faithful and extensive sampling of feedback from the widest range of individuals. The dataset contains commentary posted in real time, as well as a substantial archive dating back through 2007.

#### **Trade research**

##### **Informal**

Mintel conducts informal trade research for all reports. This involves contacting key players in the trade not only to gain information concerning their own operations, but also to obtain explanations and views of the strategic issues pertinent to the market being researched in order to address current brand and marketing issues. To ensure accuracy, Mintel sends draft copies of reports to key industry representatives

for review, taking their feedback into consideration before publishing the report. Comments, where appropriate, are incorporated into the report.

#### **Formal**

Internally, Mintel's analysts undertake extensive trade interviews with selected key experts in the field for the majority of reports. The purpose of these interviews is to assess key issues in the market place in order to ensure that any research undertaken takes these into account.

In addition, using experienced external researchers, trade research is undertaken for some reports. This takes the form of full trade interview questionnaires and direct quotes are included in the report and analysed by experts in the field. This gives a valuable insight into a range of trade views of topical issues. Direct quotations are included in the reports, giving valuable insight into a range of trade views on topical issues.

#### **Desk Research**

Mintel has an internal team of market analysts who monitor: government statistics, consumer and trade association statistics, manufacturer sponsored reports, annual company reports and accounts, directories and press articles from around the world and online databases. The latter are extracted from hundreds of publications and websites, both U.S. and overseas. All information is cross-referenced for immediate access. Data from other published sources are the latest available at the time of writing the report. This information is supplemented by an extensive library of Mintel's reports produced since 1972 globally and added to each year by the 500+ reports which are produced annually.

In addition to in-house sources, researchers also occasionally use outside libraries

or data from Trade Associations. Other information is also gathered from store and exhibition visits across the U.S., as well as using other databases within the Mintel Group, such as the Global New Product Database (GNPD), which monitors FMCG sales promotions.

Intelligence gathered through desk research is used to guide research and enrich data findings.

## Statistical Forecasting

### Statistical modelling

For the majority of reports, Mintel produces five-year central forecasts based on 'regression with ARIMA errors' which is a combination of two simple yet powerful statistical modelling techniques: regression and ARIMA (Auto Regressive Integrated Moving Average). Regression allows us to model, thus predict, market sizes using exogenous information (eg GDP, unemployment). ARIMA allows us to model market sizes using endogenous information (lagged values). To estimate this type of model, Mintel uses the software R.

Historical market size data feeding into each forecast are collated in Mintel's own market size database and supplemented by macro- and socio-economic data sourced from organizations such as the Economist Intelligence Unit and the US Census Bureau.

Within the forecasting process, we analyze relationships between actual market sizes and a selection of key economic and demographic determinants (independent variables) in order to identify those predictors having the most influence on the market.

Factors used in a forecast are stated in

the relevant report section alongside an interpretation of their role in explaining the development in demand for the product or market in question.

### Qualitative insight

At Mintel we understand that historic data is limited in its capacity to act as the only force behind the future state of markets. Thus, rich qualitative insights from industry experts regarding future events that might impact upon various markets play an invaluable role in our post statistical modelling evaluation process.

As a result, the Mintel forecast complements a rigorous statistical process with in-depth market knowledge and expertise to allow for additional factors or market conditions outside of the capacity of the statistical forecast.

### The Mintel fan chart

Forecasts of future economic outcomes are always subject to uncertainty. In order to raise awareness amongst our clients and to illustrate this uncertainty, Mintel displays market size forecasts in the form of a fan chart.

The fan chart shows the actual market size for the past 5 or 6 years, in some cases a

current year estimate, a 5-year or 6-year horizon central forecast (resulting from statistical modelling and qualitative insight), and the forecast's prediction intervals (resulting from statistical modelling).

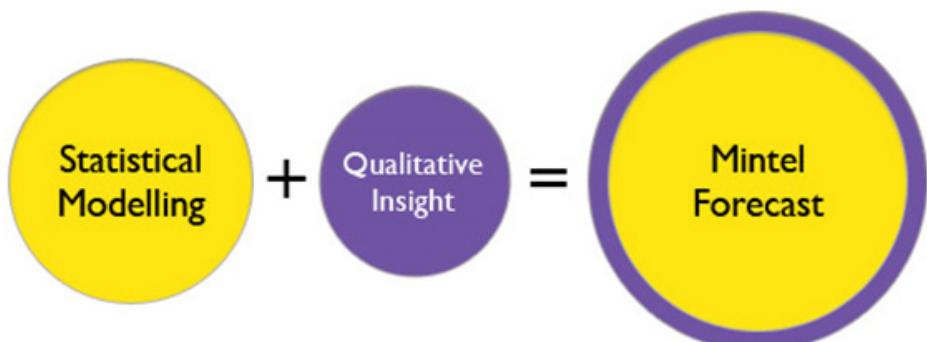
The prediction intervals represent the range of values which the actual future market size will fall in with a specific probability.

A general conclusion: based on our current knowledge of given historic market size data as well as projections for key macro- and socio-economic measures that were used to create the forecast, we can say that the future actual market size will fall within the shaded fan with a probability of 95%. There is a small probability of 5% that the future actual market size will fall out of these boundaries.

Since 95% is in most applications the threshold that defines whether we can accept or refuse a statistical result, the outer limits of the 95% prediction interval can be seen as the forecast's best and worst cases.

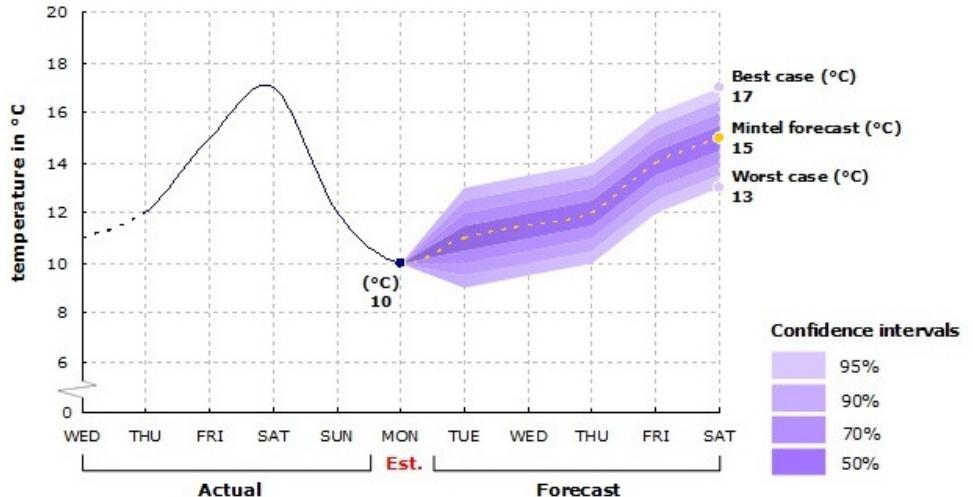
### Weather analogy

To illustrate uncertainty in forecasting in an everyday example, let us assume the following weather forecast was produced based on the meteorologists' current



knowledge of the previous weather condition during the last few days, atmospheric observations, incoming weather fronts etc.

- Now, how certain can we be that the temperature on Saturday will indeed be 15°C?
- To state that the temperature in central London on Saturday will rise to exactly 15°C is possible but one can't be 100% certain about that fact.
- To say the temperature on Saturday will be between 13°C and 17°C is a broader statement and much more probable.
- In general, we can say that based on the existing statistical model, one can be 95% certain that the temperature on Saturday will be between 13°C and 17°C, and only 50% certain it will be between about 14.5°C and 15.5°C. Finally, there is a small probability of 5% that the actual temperature on Saturday will fall out of these boundaries and thus will be below 13°C or above 17°C.



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