CULTURED PEARL MARKET OVERVIEW

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Once a rare treasure attainable by only the elite of society, through a significant part of the 20th century, pearls held status as a fashion staple of the women in most economic classes, a trend that continues today. This expansion of market is thanks to the successful culturing methods developed during the end of 19th and into the early 20th centuries. The impact that culturing would have on the pearl trade could not have been fully understood during these early years.

Natural pearl production is still active from fresh water and sea water sources. The market has also seen growth in demand for the non-nacreous pearls such as Conch, Melo and Quahog pearls. However, natural pearls are extremely rare, and usually not available even for the buyer who is willing to pay the high cost. Another important distinction is that harvesting natural pearls has a disruptive impact on the environment that harvesting cultured pearls does not.

The modern pearl market is most dependent on four cultured varieties occurring in different sizes, colors and shapes. The classic sea water varieties, Akoya, Tahitian and South Sea, have faced competition from Chinese freshwater pearls in recent decades.

Almost a century ago, the Akoya cultured pearl changed the notion of “pearl” forever and today, it is considered the ultimate pearl. Achieving the roundness rarely seen in nature and excellent surface luster, the Akoya dominated the pearl sector of the jewelry trade since the 1930s. Production peaked in the mid-1960s when Akoya cultured pearls accounted for almost 100% of pearls sold in the jewelry industry. In 1966, annual production reached 230 tons. However, during the four decades that followed, Akoya cultured pearl production has declined sharply due to compromised quality, competition from other pearl products and environmental issues that limited capacity to produce.

Of course, the most notable challenger came with the emergence of round Chinese freshwater cultured pearls during the later 1990s. As the Chinese freshwater cultured pearl industry grew, the market witnessed another important distinction between these products and seawater pearls. In the Akoya, Tahitian and South Sea cultured pearl industries, production was usually centered around rounds, near round and baroque shapes. Although unusual shapes were sometimes marketed, they were not the norm. Chinese producers however, have introduced new interesting pearls along with the rounds during the course of the last two decades. The biggest hit in the freshwater cultured pearl production of China is the large, round, and nucleated varieties, also marketed as Edison pearls. They were introduced to the market less than a decade ago in small quantities. The prices corrected in response to back years of poor production, however, since that time, production has been consistent with the high expectation for Edison pearls. Today the per strand prices are in
the high hundreds and even thousands of dollars wholesale, depending on size, quality and color.

Although the Chinese freshwater cultured pearl industry has arguably had the most impact on the Akoya pearl industry, the Tahitian and South Sea pearl industries have not gone untouched. Prices, especially for mid-level quality pearls have declined over time. That has been positive for consumers. Competition has led to an emphasis on quality for the major sea water cultured pearl producers. The high end of the pearl market remains the domain of the Akoya, Tahitian and South Sea cultured pearls. In the entirety, pearls account for approximately 3% of retail jewelry sales annually, for $1.3 billion USD.

The graphs show a significant drop in wholesale prices around year 2005 in all sea water cultured pearl varieties. This corresponds to a significant drop of quality of product in those categories and increased production of Chinese freshwater cultured pearls. Today the production by volume has changed. Chinese production represents approximately 95% cultured pearls in the marketplace followed by Tahitian, Akoya and South Sea. However, when measured by value, Tahitian, Akoya and South Sea cultured pearls hold nearly 95% of the market value.

*Some of the information presented here was developed from a presentation given by Stuart Robertson.*