International Journal of Engineering Research & Technology (IJERT)
ISSN: 2278-0181
Vol. 15 Issue 11 , November - 2026

Consumer Perception, Pricing, and Investment Value of Lab-Grown Diamond Versus Natural Diamonds: Evidence from Bengaluru Market

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Abstract **- Lab-grown diamonds have moved from a choice to a big part of the diamond market but people still have different views about their value, their status and how well they hold their value. This study looks at how people think about lab-grown diamonds, how much they care about the price and what they expect for the future. The research involved 200 people who filled out a survey and 25 people who had interviews in Bengaluru, India in 2026. Results show that cost is the reason people like lab-grown diamonds but 70% worry about selling them later. Even though 55% would choose a lab-grown diamond for their buy 20% would hide where it came from and 30% would not say unless asked. Four groups of people came up: those who want the value (35%) those who want status (28%) those who care about ethics (22%) and those who like traditional ways (15%). Most people think lab-grown diamonds will replace zirconia but only 22% think they will replace natural diamonds in the luxury market. The results suggest that lab-grown diamonds are growing the market of just taking over from natural diamonds while people still think about status and worry about selling their diamonds. The study gives ideas for stores, people who make rules and people who buy things about being clear having proof talking about prices and where to place the products.**

Keywords - lab-grown diamonds; consumer perception; resale value; market disruption; Bengaluru; luxury consumption; price volatility

I. INTRODUCTION

Natural diamonds have always been symbols of love, status and things people think are valuable. Their place in culture has been helped by how rare they're how they are advertised and how they are used for big life events. The rise of lab-grown diamonds—made using High-Pressure Temperature and Chemical Vapor Deposition methods—has changed that. Lab-grown diamonds are the same in chemical, physical and visual ways as diamonds but they usually cost much less.

India is a place to look at this change. The Union Budget 2023–24 gave ₹242.96 crore over five years to help make lab-grown diamonds at Indian Institutes of Technology and the lab-grown diamond market in India was US$450 million in 2023–24 with plans to reach US$1.2 billion by 2030–31. Rules that say "laboratory-grown diamond" and "laboratory-created diamond" are correct. They stop people from using words like "fake" or "artificial" that are not true which helps make the market more trustworthy.

Even though more people accept lab-grown diamonds their actions are not clear. Lab-grown diamonds are cheaper. Let people get bigger pieces for the same money but worries about selling them what others think and how well they hold value still happen. This study looks at these problems in Bengaluru, a place in India for technology and fancy shopping.

II. LITERATURE REVIEW

A. **Consumer acceptance and market share:** More people are accepting lab-grown diamonds. Evidence from the industry says that 61% of people in the United States who got married in 2025 bought a lab-grown diamond for their ring and estimates say that lab-grown diamonds are 50–60% of the market. Being kind to the planet being clear and being cheap are reasons, especially for younger people.. Natural diamonds still have connections to being rare having a history and being special.

B. **Economic context:** HPHT and CVD are the main ways to make lab-grown diamonds. Both make diamonds that're like natural ones in how they look, feel and shine. Economically the prices for lab-grown diamonds have gone down a lot because more are being made, in China and India. By 2026 these diamonds were 80–85% cheaper than natural ones. Unlike diamonds, which cost more when they are bigger lab-grown diamonds cost a bit more which lets people get bigger or better diamonds for the same money.

C. **Resale value:** is the problem for lab-grown diamonds. These diamonds do not usually have resale value and prices dropping a lot makes people worry that they will lose value quickly. Natural diamonds also have value as an investment with reports saying their prices went down about 40% since 2016. These changes make it seem like diamonds from any place are better seen as things people buy for themselves or for love not as things that're good for money.

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D. Theoretical framework

This study uses three ideas:

Status signaling theory: people buy things partly to show they are important. Lab-grown diamonds may not show status because people might think natural diamonds are better.

Disruptive innovation theory: lab-grown diamonds started as a choice but now challenge the big diamond market.

Value perception theory: people look at products through how they work how they make them feel and how others see them. For diamonds these include cost, how they look, feelings, tradition and how people think about them. Please do not revise any of the current designations.

III. RESEARCH OBJECTIVES

This study aims to:

- Look at how people in Bengaluru feel about lab grown diamonds compared to natural diamonds.
- See how price matters when people buy lab-grown diamonds.
- Look at what people think about selling lab-grown diamonds and their future value.
- Figure out types of people and how they act, including how they talk about where the diamonds come from and what they think the market will look like in the future.

Research questions

1. How do people in Bengaluru feel about lab-grown diamonds compared to diamonds in terms of value, status and how much they want them?
2. How does how much people care about price affect their choice to buy lab-grown diamonds?
3. What kinds of people are there in the market for lab-grown diamonds. How do they act differently?
4. How do people think lab-grown diamonds will do compared to diamonds and other similar products like cubic zirconia?

IV. METHODOLOGY

Research design and setting

The study used a mix of surveys and interviews. The research happened in Bengaluru, Karnataka from January to April 2026. Bengaluru was chosen because it has an varied group of people a growing place for jewelley and fancyshops and is near India's diamond making and selling area.

Sample and data collection

A group of 200 people was selected in a way. They were asked questions in stores on Brigade Road, Commercial Street, Jayanagar and Indiranagar and through groups and people who told others. The group had people who bought diamonds recently those who bought before and those who might buy in the future from ages, incomes and jobs.

Also 25 interviews happened in person or online. These interviews lasted 25–45 minutes. Talked about why people buy diamonds what they think about lab-grown and natural ones worries about selling how they tell others where they come from and what they think the market will look like. The talks were recorded with permission and written down for analysis.

Instruments and ethics

The survey had questions about who the people are what they bought, what they think about lab-grown and natural diamonds, how much they care about price, what they think about selling, what they plan to say and what they think the market will do. The questions had scales to show how people feel. People knew they could stop at any time. They were kept secret. Ethical permission was given by the group that checks these kinds of studies.

V. FINDINGS

Sample profile

The people who answered the survey were 42% between 25–35 38% between 36–50 and 20% 51 or older. Women made up 58% of the people. Their families made between ₹5–15 lakh a year for 35%, ₹15–30 lakh for 40% and then ₹30 lakh for 25%. People in tech made up 35% of the group followed by business leaders (25%) business owners (20%) and others (15%). Forty percent bought diamond jewelry in the three years 35% bought more than three years ago and 25% were going to buy.

Survey Question	Response	Per%
Age	25–35 years	42%
	36–50 years	38%
	51 or older	20%
Gender	Women	58%
	Male	42%
Annual family income	₹5–15 lakh	35%
	₹15–30 lakh	40%
	More than ₹30 lakh	25%
Occupation	Tech	35%

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Survey Question	Response	Per%
	Business leaders	25%
	Business owners	20%
	Others	15%
Diamond jewellery purchase	Bought in the last three years	40%
	Bought more than three years ago	35%
	Planning to buy	25%

Purchase preferences and price sensitivity

Over all 55% wanted a lab-grown diamond for their buy 30% wanted a natural one and 15% were not sure. Among people who bought recently 62% bought lab-grown 30% bought natural and 8% bought both.

Price was the important thing, with a score of 4.6 out of 5. Then came how they look (4.5) and proof of quality (4.3). Being kind to the planet and being fair (3.8) brand name (3.7) being fancy (3.5) resale value (3.2) and being a family heirloom (3.0) were important overall.

Most people needed a discount before they would buy a lab-grown diamond: 35% would buy it if it was 50–75% cheaper 30% if it was 25–50% cheaper and 15% only if it was more than 75% cheaper. 15% Would buy it if it was 10% cheaper or less and 5% would not buy it no matter what.

Resale value and disclosure

Resale value remained a major concern: 70% of respondents expressed significant concern, 20% moderate concern, and 10% little or no concern. When informed that 1.0-carat LGD prices had fallen from approximately ₹1.5 lakh to ₹50,000–₹60,000, 62% said this would influence their purchase decision.

Disclosure behaviour was also divided. While 35% would openly disclose LGD origin, 30% would prefer not to disclose but would not lie, 20% would actively conceal the origin or mislead others, and 15% would discuss it only if asked directly.

Future expectations

A majority, 58%, agreed that LGDs would eventually replace cubic zirconia as the default diamond simulant. However, only 22% believed LGDs would completely replace natural diamonds in the luxury market. This suggests that consumers see LGDs as a mainstream alternative rather than a universal substitute for natural diamonds.

Qualitative themes

The research identified five themes.

Price as the primary driver: 88% of interviewees identified price as the most important factor. LGDs enabled participants to obtain larger or higher-quality stones within their budgets. A minority remained concerned that continuing price declines could reduce the value of recent purchases.

The resale-value problem: Participants frequently expressed concern about resale value despite acknowledging that they were unlikely to sell their jewellery. This contradiction reflects the enduring cultural belief that diamonds represent stored value, even when the purchase is primarily emotional or symbolic.

What people think: Some people thought natural diamonds had class, especially older family members. Others, younger and tech people thought lab-grown diamonds were smart and better, value for money.

The "secret" segment: 28% of people who were interviewed said they had bought or were thinking about buying, lab-grown diamonds while hiding where they came from. This behaviour was more common among higher-income participants, suggesting that status concerns persist even among consumers who could afford natural diamonds.

Future ideas about the market. Most people thought lab-grown diamonds would take the place of zirconia because they look better and are made better. How ever many people still thought real diamonds would stay as a luxury like how luxury watches are different from regular ones, comparable to the distinction between luxury mechanical watches and everyday quartz watches.

VI. DISCUSSION

A confusing market: The results show a problem: people are drawn to lab-grown diamonds because they are cheaper but they still worry about selling them later. This worry happens with people who say they probably won't sell their jewelry. This shows that buying diamonds is not about using them but also about what they mean culturally and financially.

Changes in price and trust: The big drop-in lab-grown diamond prices made people unsure about when to buy. People are scared of paying much if prices keep going down especially in a market where it's hard to know the real value and where the rules are not clear. In India, where gold and jewelry have long been seen as ways to save money low lab-grown diamond resale value may cause problems with old beliefs.

Hiding the origin to show off status: Hiding where the diamonds come from goes beyond showing off. Of clearly choosing a cheaper option some people keep the social benefits of real diamonds by letting others think their diamond is real. This is especially clear with people who have money showing that buying lab-grown diamonds is not only about saving money.

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Market sections

Four main groups of people came up from the results:

Segment	Share	Primary motivation	Typical behaviour
Money savers	35%	Maximum size and quality within budget	Openly choose LGDs; less concerned with status
Status lovers	28%	Diamond ownership and social recognition	May choose LGDs but conceal origin
Ethical people	22%	Sustainability and ethical consumption	Advocate LGDs as responsible alternatives
Old-fashioned people	15%	Heritage, tradition, and perceived investment value	Prefer natural diamonds

The findings change the idea of new ways of doing things. Lab-grown diamonds don't seem to be taking the place of diamonds. Instead, they are making a group of people who want to buy diamonds at a lower price while putting pressure on the prices of real diamonds. They also show that what people think is valuable has parts: they think about cost, looks, feelings, tradition, ethics and how others see them.

IMPLICATIONS

For retailers

Retailers should provide clear, accurate information on LGD origin, certification, quality, pricing, and resale expectations. Offering both LGD and natural-diamond options can serve distinct consumer segments. Retailers should avoid positioning LGDs as investment assets, since this may undermine trust if resale value remains limited.

For policymakers

India's support for LGD production is consistent with the sector's growth potential. However, consumer protection requires standardised certification, transparent disclosure, and enforcement against misleading claims. Clear terminology can help consumers distinguish LGDs from simulants such as cubic zirconia and moissanite.

For consumers

Consumers should define their purchase objective before buying. LGDs may be appropriate for consumers seeking larger stones, design flexibility, and lower upfront cost. Consumers prioritising heirloom value, resale potential, or traditional status signalling may prefer natural diamonds, while recognising that natural diamonds also carry price and liquidity risks.

Limitations and Future Research

The study only looked at Bengaluru. Used a one-time look at things so the results might not work for other cities in India or other countries. People might not tell the truth about how much they share. More research should look at things over time to see how people think about prices and what they buy compare cities and villages look at how checking and marketing affect trust and study how people feel and what society thinks about where diamonds come from.

VII. CONCLUSION

This study found that buying lab-grown diamonds in Bengaluru is because of price but people worry about selling them and about how they look. Most people think lab-grown diamonds are better than zirconia but not many think they will completely replace real diamonds in the luxury market. The group of people who hide where they bought their diamonds shows that showing off still affects how diamonds are bought even if people choose ones.

The diamond market is likely to split of disappear: lab-grown diamonds may be the main choice for people who want cheaper and everyday jewelry while real diamonds stay for tradition, prestige and luxury parts. Checking, honest talks, about selling value and teaching people will be important to keep trust as the market changes.

ACKNOWLEDGMENT

I sincerely thank all the jewellery stores, store managers, sales staff, and business associates for their support and for allowing me to collect data during business hours. I am also grateful to all the customers for sharing their valuable and honest insights, which made this research possible.

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