



(RESEARCH ARTICLE)



Wholesale Chains in the Jewelry Industry of Central Europe: The Experience of a Demand-Oriented Approach

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Abstract

The jewelry market of Central and Eastern Europe demonstrates stable growth against the backdrop of the overall expansion of the global jewelry sector and the recovery of consumer demand. At the same time, competition at the B2B level is increasing: wholesale buyers expect not only stable quality and price from suppliers, but also precise alignment of the assortment with the real demand in their stores. The article analyzes the experience of the family company Kove Jewelry s.r.o., which has been operating in the jewelry industry for more than seven years and has developed international B2B supplies of gold products from Italy and Turkey to the Czech Republic, Slovakia, Poland, and Romania for two years.

The model of demand-oriented procurement is examined, in which the assortment is formed “from the client,” rather than from the supplier’s leftover stock. The key elements of building a supply chain are described: demand analytics at the level of individual markets, interaction with Italian and Turkish factories, inventory and risk management under conditions of volatile demand. It is shown how the family structure of management and the geographical base in Prague make it possible to serve more than 100 regular clients and maintain stable company growth without moving into retail and online formats that do not correspond to the specifics of the market. The article emphasizes the practical applicability of the model for small and medium-sized enterprises operating in international trade.

Keywords: Jewelry Industry; International Trade; Wholesale Supplies; Central Europe; Demand-Oriented Procurement; Family Business; Supply Chains; Italy; Turkey; B2B

1. Introduction

The global jewelry industry remains one of the most stable segments of the durable goods market. Growth in disposable income, the development of tourism, as well as the cultural and symbolic role of jewelry support demand even under conditions of macroeconomic uncertainty. Against this background, Central and Eastern Europe act as a connecting link between production centers (in particular, Italy and Turkey) and final demand in the countries of the European Union and neighboring regions.

Experience in the jewelry industry over seven years and two years of developing Kove Jewelry s.r.o. as a wholesale company in the Czech Republic have shown that the key difference between stable and vulnerable business models is the approach to assortment formation. The traditional model of “we take from the supplier what they have” leads to excessive stock, frozen capital, and a gap between the showcase and the real preferences of buyers. The demand-oriented model, on the contrary, is based on systematic analysis of sales among B2B clients and forms procurement from factories taking into account the specific structure of demand by countries, segments, and stores.

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The purpose of the article is to structure this practical experience and demonstrate its applicability for other players in international trade.

2. The Role of Central Europe in International Supply Chains of Jewelry Products

Central Europe combines several advantages for the development of international wholesale business:

- Geographical location between Western Europe and the Balkans;
- Developed logistics and financial infrastructure (especially in the Czech Republic and Poland);
- Growing domestic demand for jewelry products in the region's countries;
- The legal environment of the European Union, providing predictability of contracts and customs procedures.

Prague, as the base of Kove Jewelry, performs the function of a logistical and commercial center:

- The company's main office and warehouse are located here;
- Client service is established in the Czech Republic and neighboring countries;
- It offers convenient access to transport corridors connecting the EU with Italy and Turkey.

The client base covers more than 100 regular B2B partners in the Czech Republic, Slovakia, Poland, and Romania, which makes it possible to view the region not as a set of isolated markets, but as an interconnected system with differences in demand structure but unified requirements for reliability of supplies and quality of service.

3. Italy and Turkey as the Core of the Production Strategy

The choice of Italy and Turkey as the main production centers is determined simultaneously by assortment, pricing, and image-related factors.

Italy is traditionally perceived as one of the world leaders in the production of gold jewelry. Italian factories:

- Set trends in design and technology;
- Ensure high stability of quality and alloys;
- Possess strong brand capital in the eyes of European buyers.

Turkey complements this model through:

- High production flexibility;
- Competitive prices;
- The ability to quickly launch small batches upon request.

For a wholesale player, this means:

- The ability to combine premium and more affordable segments;
- Diversification of risks across supplier countries;
- Flexibility when working with different sales markets (for example, more conservative demand in the Czech Republic and more dynamic demand in Romania).

From a practical standpoint, a key factor is building partnership relations with factories: from joint planning of collections to the ability to adapt products to the specifics of particular B2B clients.

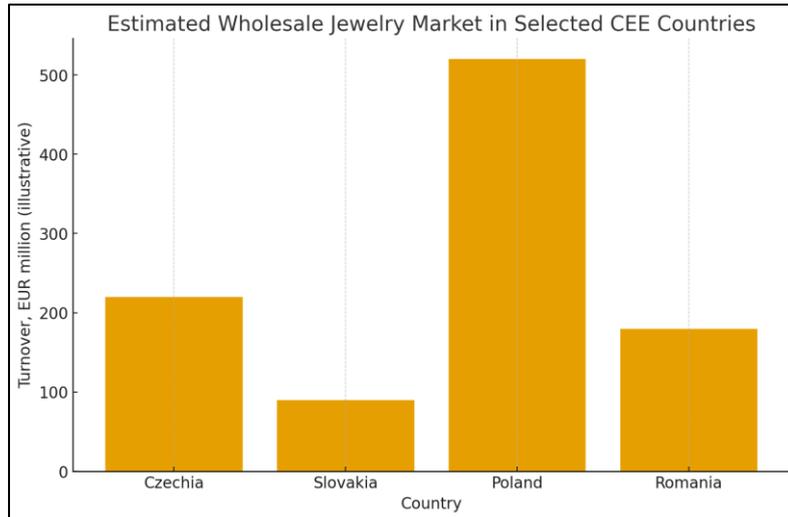


Figure 1 Estimated wholesale jewelry market size in selected CEE countries

4. Demand-Oriented Procurement Model: From the Client to the Factory

Unlike the classic model, in which a wholesaler forms a purchase “from the top” — based on the supplier’s current offer — Kove Jewelry uses the reverse approach:

4.1. Collecting demand data from B2B clients

On a regular basis, the following are analyzed:

- The best-selling categories (chains, bracelets, earrings, rings, crosses, etc.);
- The price ranges with the highest demand;
- Design features (minimalism, classic style, ethnic motifs, trend collections);
- Seasonal peaks (holidays, wedding season, tourist flow).

4.2. Segmentation by countries and client types

The markets of the Czech Republic, Slovakia, Poland, and Romania differ by several parameters:

- Structure of demand (share of traditional and modern designs);
- Average purchasing power;
- Share of tourist demand.

This leads to the formation of separate assortment models for each market and even for groups of clients within a single country.

4.3. Forming orders for suppliers

Orders to Italy and Turkey are built as a reflection of this data. Instead of an abstract “stock for the warehouse,” targeted batches are formed for expected demand:

- For key positions, a “core” assortment is created to ensure stability;
- New items are introduced in small batches with subsequent evaluation of turnover;
- Slow-turnover items are removed so they do not become “dead” stock.

4.4. Constant feedback and adjustment

Based on sales results each quarter, procurement plans are adjusted, changes are discussed with factories, and new product formats are tested.

This model requires more analytical work but reduces risks for all participants in the chain:

- For factories — the risk of producing collections that are not in demand;
- For the wholesaler — the risk of excessive stock;
- For b2b clients — the risk of receiving a “random assortment” instead of a well-balanced collection.

5. Inventory and Risk Management Under Conditions of Volatile Demand

The jewelry industry is sensitive to macroeconomic fluctuations, seasonality, and changes in fashion trends. For a company based in Prague with supplies from Italy and Turkey, inventory management becomes a critical element of resilience.

Key principles

- **Limiting the depth of stock positions.**

Instead of keeping large batches of each item, the company maintains a “wide but not deep” assortment, focusing on turnover.

- **Priority on fast replenishment cycles.**

Planning and logistics processes are organized in such a way as to quickly replenish the most in-demand items, rather than trying to “predict” annual demand in advance.

- **Hedging currency and pricing risks through diversification.**

Working with two production centers (Italy, Turkey) and four sales markets allows smoothing risks associated with exchange rate fluctuations, local crises, and regulatory changes.

- **Phased entry into new markets.**

Expansion into new geographies (for example, deepening presence in Romania) is carried out through test batches and pilot projects with a limited group of clients, which helps minimize financial pressure.

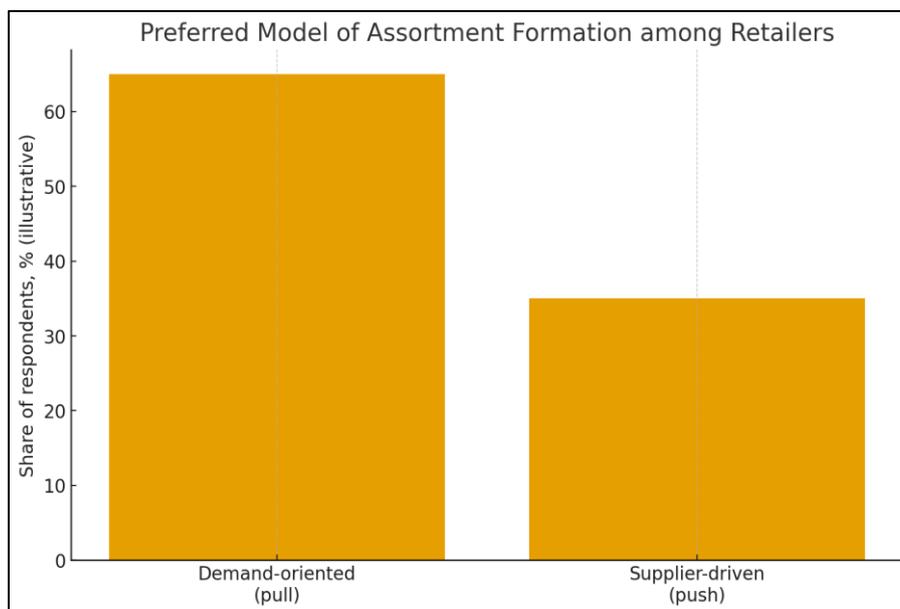


Figure 2 Preferred assortment formation models among retailers

6. The Family Management Format as a Factor of Stability

The business of Kove Jewelry is built as a family enterprise: the management involves the spouse and sons, and the family controls critically important links — from procurement and logistics to sales and client support.

Practical advantages of this format:

- **Speed of decision-making**

A complex hierarchy of approvals is not required, which is especially important when working with trends and seasonal demand.

- **Integrity of strategy.**

All key participants share a common planning horizon and understand the value of reputation in the long term.

- **Flexibility in relations with clients.**

Interaction with B2B partners is built on the logic of long-term relationships: individual conditions regarding assortment, timing, and format of supplies are allowed if this strengthens cooperation as a whole.

A family management model, provided that processes and division of responsibilities are properly structured, becomes not a limitation but a competitive advantage compared to more bureaucratic structures.

7. Conscious Refusal of Retail and Online Experiments

The company tested work in the retail and online segment; however, these directions did not demonstrate a sustainable growth model.

7.1. Reasons

- The specifics of the market, where retail trade of jewelry requires significant investment in the brand and client experience;
- The high saturation of the online space, where competition is built not only on price and assortment, but also on marketing budget and brand awareness;
- The risk of dispersing resources between b2b and b2c, which, under conditions of a limited team, may lead to a decline in service quality in both segments.

As a result, a strategic decision was made to focus on the wholesale B2B model. This allowed the company to:

- Deepen expertise in international trade and logistics;
 - Strengthen the analytical segment related to demand;
 - Invest time and resources in developing relations with factories and wholesale clients rather than in competition for the end consumer.
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8. Conclusion

The experience of Kove Jewelry s.r.o. demonstrates that even in the highly competitive and capital-intensive jewelry industry, a small family business can take a stable position in international trade through the combination of three factors:

- **A demand-oriented approach to procurement**

The assortment is formed based on actual data on sales and preferences of B2B clients, rather than on random leftovers from the supplier.

- **Geographical and production diversification**

A base in Prague and work with Italy and Turkey as production centers make it possible to effectively serve the markets of the Czech Republic, Slovakia, Poland, and Romania, reducing risks and increasing flexibility.

- **Family management model and strategic focus**

The family format, when properly organized, ensures speed and integrity of decisions, and the refusal of inappropriate channels (retail, aggressive online) makes it possible to concentrate on the B2B segment where the core value is created.

The model discussed may serve as a reference point for other small and medium-sized enterprises operating in international trade: under conditions of limited resources, success goes not to the one who is “present everywhere,” but to the one who deeply understands their niche, their clients, and their suppliers, turning the supply chain into a controlled and predictable mechanism.

Research

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