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Demand-Oriented Supply Chain Management in the Jewelry B2B Sector of Central Europe: A Case of a Family Company from Prague

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Abstract

The jewelry industry is traditionally considered a capital-intensive segment of international trade, where the quality of assortment and inventory management directly affects business sustainability. In the context of a growing global jewelry market and increasing competition in Central Europe, the transition from supplier-oriented models to demand-oriented supply chains, built "from client to factory," becomes particularly important.

This article examines the practical case of the family company Kove Jewelry s.r.o., based in Prague and specializing in wholesale supplies of gold jewelry from Italy and Turkey to the Czech Republic, Slovakia, Poland, and Romania. Based on seven years of industry experience and two years of developing an international B2B model, it describes a demand-oriented approach to procurement, management of assortment and logistics risks, and the role of the family management model in maintaining stability and service quality for over 100 regular clients.

It is shown that systematic collection of sales data at the B2B client level, demand segmentation by country and store format, and reverse planning of orders with Italian and Turkish factories allow reduction of "dead stock," acceleration of turnover, and increased predictability of margins. The article proposes a structured model potentially reproducible by other small and medium-sized companies in international trade.

Keywords: Jewelry Industry; Supply Chain; Demand-Oriented Model; International Trade; Wholesale; Central Europe; Family Business; Assortment; Turnover; Italy; Turkey

1. Introduction

The global jewelry market continues to demonstrate steady growth, supported by increasing disposable incomes and the cultural significance of jewelry as a form of investment and self-expression. In this context, Central Europe serves as an important trading hub between production centers (including Italy and Turkey) and retail markets in the European Union.

At the same time, competition is intensifying at the B2B supply chain level: wholesale buyers expect not only stable product quality but also high accuracy in assortment planning. For small and medium-sized companies, this presents a specific challenge:

- Capital is insufficient to maintain excessive inventory;
- Mistakes in procurement lead to frozen capital in slow-moving items;
- The classic model of "taking whatever the supplier has" no longer works under the demands of more sophisticated B2B clients.

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Kove Jewelry s.r.o. is a family company operating in the jewelry sector for seven years and developing an international wholesale business in Europe for the past two years. The main distinction of the model is the shift to demand-oriented procurement, where the assortment is formed based on detailed analysis of B2B client needs and only then translated into orders for Italian and Turkish factories.

The purpose of this article is to describe the structure of this model and demonstrate its applicability for other companies operating in international trade of jewelry and related goods.

1.1. Market Context and Company Positioning

Kove Jewelry s.r.o. is registered in the Czech Republic and has its main office and warehouse in Prague. Its operations cover four markets in Central and Eastern Europe: the Czech Republic, Slovakia, Poland, and Romania. The client base includes over 100 regular B2B clients:

- Independent jewelry stores;
- Small chains;
- Locations in tourist and regional centers.

The production base is concentrated in two countries — Italy and Turkey:

- Italy provides the premium segment, consistent quality, and strong product image;
- Turkey offers high flexibility, competitive pricing, and the ability to work with small batches.

Thus, the company functions as a link between Mediterranean production clusters and Central European markets, operating in the logic of an international supply chain: "factory — wholesale hub — retail store — end consumer."
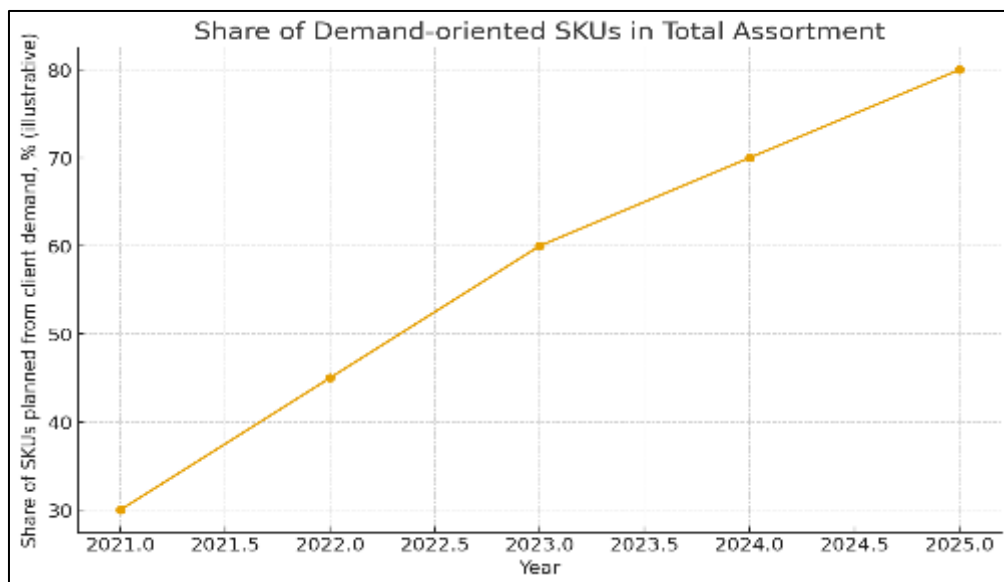

Figure 1 Share of demand-oriented SKUs in the total product assortment (2021–2025)

1.2. Limitations of the Classical Supplier-Oriented Wholesale Model

Before the implementation of the demand-oriented approach, the business relied on a common industry scheme:

- The supplier (factory or large distributor) forms the offer based on its own production and stock availability.
- The wholesale buyer selects the assortment from the offered set, guided by general ideas of demand and discount conditions.
- The assortment is distributed to B2B clients with minimal adaptation.

In practice, this led to a number of problems:

- High share of "slow-moving" items.
- Some products poorly matched the tastes of the local market, yet occupied warehouse space and froze capital.
- Gap between B2B client expectations and the actual offer. Stores noted that end consumers regularly requested certain formats (by design, length, weight) that were absent in the assortment, despite the general abundance of products.
- Weak risk manageability. Purchases were distributed across categories "intuitively"; errors became apparent only after months, when it became clear that some collections practically did not sell.

These limitations became the main motivator for transitioning to a different logic of supply chain management.
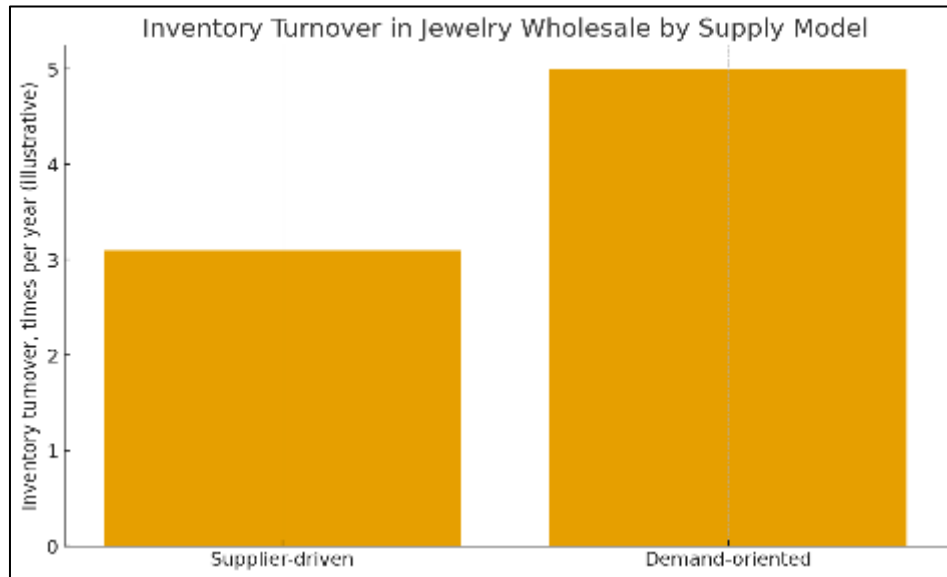

Figure 2 Inventory turnover by supply model in jewelry wholesale

2. Data Collection on Demand and Market Segmentation

The transition to a demand-oriented model began with a change in the approach to data.

2.1. Information Sources

The company systematized sources that previously existed as fragmented manager observations and verbal feedback:

- Sales statistics by categories and SKUs for B2B clients (volumes, frequency of repeat orders);
- Qualitative feedback from store owners about their customers' preferences;
- Rejected requests — products that end consumers looked for but were not available.

Even partial formalization of this information allowed a shift from subjective impressions to basic quantitative assessments.

2.2. Segmentation by Countries and Store Formats

The next step was demand segmentation:

- For the Czech Republic, Slovakia, Poland, and Romania, separate profiles were created considering income levels, demand structure, and cultural characteristics;
- Within countries — division by formats: classic jewelry store, shopping mall point, store in a tourist area, "family" store in a small town.

For each segment, the following were identified:

- Best-selling categories (chains, bracelets, earrings, rings, etc.);
- Price ranges with maximum turnover;
- Preferred styles (classic, minimalism, ethnic motifs, trending collections).

Thus, a demand map was formed, which became the basis for procurement planning.

3. Reverse Procurement Planning: From the Demand Map to Factory Orders

The key difference of the new model is "bottom-up" procurement planning.

3.1. Formation of the "Mandatory Core" Assortment

Based on demand data, items demonstrating consistently high turnover and perceived by B2B clients as "essential" for display were identified. A permanent core of orders to Italy and Turkey is formed for these products, ensuring:

- Minimization of stock-out risks for fast-moving items;
- Predictable turnover in key categories;
- Ability to plan warehouse loading.

3.2. Managing New and Experimental Categories

New models and collections are introduced in small batches and evaluated using clear criteria:

- Speed of first sale;
- Share of clients reordering the same items;
- Turnover comparison with the "core" assortment.

Models that do not meet expectations are not expanded and are gradually phased out, preventing accumulation of "dead stock."

3.3. Adapting Orders to Country Specifics

Factory orders are differentiated by country:

- For the Czech Republic and Slovakia, the focus is on more conservative design and certain weight and price ranges;
- For Poland and Romania, more experimental collections and trend-driven items are allowed, considering demand structure.

Thus, each production source (Italy, Turkey) receives not an abstract "warehouse" order but a structured technical specification formed from the needs of end B2B clients.

4. Logistics and Inventory Management in a Demand-Oriented Model

Demand orientation itself does not solve logistical challenges; on the contrary, it imposes stricter requirements.

4.1. Frequency and Batch Size

The company abandoned large irregular deliveries in favor of more frequent, relatively small batches. This allowed:

- Reducing the risk of capital being frozen in large volumes of stock;
- Responding faster to changes in demand;
- Adjusting subsequent orders based on fresh data.

4.2. Turnover Control as a Key KPI

Inventory turnover became a central performance metric. For different categories, turnover targets per year were established. When actual sales speed deviates significantly from the target, the following are revised:

- Purchase volumes for the category;
- Pricing and discounts for B2B clients;
- Assortment composition within the category.

4.3. Role of the Prague Warehouse as a Regional Hub

The Prague warehouse functions as a regional hub:

- Receiving batches from Italy and Turkey;
- Distributing goods to orders in the Czech Republic, Slovakia, Poland, and Romania;
- Providing operational replenishment of assortments for regular clients.

A demand-oriented approach requires precise synchronization between supply schedules and shipping plans; this is achieved through regular review of procurement plans and transparent communication with factories.

5. Family Management and Organizational Resilience of the Model

A distinguishing feature of the case is the family nature of the company. In Kove Jewelry's management, the spouse and sons participate, controlling key supply chain links:

- Selection of factory suppliers;
- Quality control at receipt;
- Distribution of assortments across markets;
- Work with key B2B clients.

This structure affects the implementation of the demand-oriented model:

5.1. Decision Speed

Adjustments to orders, pricing, or client prioritization are resolved without complex hierarchies, which is critical when working with rapidly changing demand.

5.2. Long-Term Horizon

The family business is inherently focused on reputation and sustainability rather than short-term profit maximization. This facilitates decisions that may seem less profitable in the short term but reduce long-term risk.

5.3. Flexibility in Client Management

Ability to make individual decisions on cooperation terms with reliable partners (e.g., volumes, timing, assortment specifics) strengthens B2B client loyalty.

Thus, the family structure does not contradict modern supply chain management approaches but, when organized correctly, complements them.

6. Limitations and Scalability of the Demand-Oriented Model

Despite obvious advantages, the model has limitations:

- Requires discipline in data collection and analysis;
- Relies on trust-based relationships with B2B clients willing to share sales information;
- Imposes additional analytical workload on the team.

Nevertheless, Kove Jewelry's experience shows that even at a relatively small business scale it is possible to:

- Structure data in simple tools (accounting systems, spreadsheets, basic BI reports);
- Establish regular communication with B2B clients regarding assortments;
- Integrate analysis results into factory orders without complex IT implementations.

Transferring this model to larger companies will require process formalization, but the "from client to supplier" logic remains reproducible.

7. Conclusion

The demand-oriented supply chain management model in the Central European jewelry sector demonstrates high applicability for small and medium companies operating in international trade.

The Kove Jewelry s.r.o. case shows that:

- Transitioning from a supplier-oriented approach to "client-driven" planning reduces slow-moving inventory and increases capital turnover;
- Segmentation of demand by country and store format allows for more precise assortment planning and, consequently, stronger B2B relationships;
- Combining pragmatic data management with a family management structure creates a foundation for resilience and flexibility, even under volatile demand and price fluctuations;
- The model can be adapted to other international trade sectors where inventory cost is high and demand accuracy is critical.

Thus, a demand-oriented approach to supply chain management in the jewelry B2B sector not only enhances the efficiency of a specific company but also serves as an example for a broader range of enterprises seeking to combine traditional trade formats with modern data analysis and risk management practices.

Compliance with ethical standards

Disclosure of conflict of interest

The author declares that there is no conflict of interest regarding the publication of this article.

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