



## Research case study: TRADETEX

Zuzana Veselá

Vysoká škola podnikání a práva, Ostrava, Česká republika

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**Abstract:** Company Ing. Miroslav Kurka – TRADEX is a manufacturing company operating in the clothing industry. Its production focuses on the production of work clothes especially for gastronomy, healthcare and industry. The specificity of the company is given by its orientation towards custom production and individual contacts with customers. The company belongs to the oldest domestic clothing companies with a rich history and tradition. The key source of information for developing the case study was an interview with the company's director. The analysis showed that it is challenging, but completely realistic for the company to strengthen competitiveness in a highly saturated market. To strengthen competitiveness, the company strives to maintain exclusive relations with customers and use high-quality and modern materials. A combination of causal and effectuation logic with a predominance of effectuation logic is used in company decision-making.

**Keywords:** textile industry, innovation, custom production, sheltered workshop, covid-19

### Company presentation

Company Ing. Miroslav Kurka – TRADETEX (hereinafter referred to as TRADEX) is a stable company that operates on the market of production and supply of work clothes and linen for a wide range of domestic customers, mainly in the field of industry, healthcare, food industry, gastronomy, trade and services. In addition to the production and supply of work and protective equipment, TRADETEX also offers consultations regarding the choice of the most suitable solution for the clothing industry. TRADETEX can help with the selection, design and actual realization of clothing products and ensure everything necessary - starting with cut documentation, production of clothing according to relevant standards for any type of operation (including prints on clothes, printing logos and other printing requirements according to the client) to securing certificates and certification for new work clothes and tools. From the point of view of formal definition, the company can be found in the trade register.

Title: Ing. Miroslav Kurka – TRADETEX

Form: Natural person doing business according to the Trade Act

ID: 10609032

VAT number: CZ6102161241

Subject of business: Production, trade and services not listed in Annexes 1 to 3 of the Trade Act

Type of business: Reporting leave

Fields of activity: Production of textiles, textile products, clothing and clothing accessories

Launched: 11/12/1992

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The research case study is one of eight research case studies. Based on the analysis of individual research case studies, a multiple comparative case study is developed. The theoretical and methodological framework for creating case studies is presented in a multiple case study.

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Wholesale and retail trade

Launched: 11/12/1992

Advisory and consulting activities, processing of professional studies and assessments

Launched: 30/09/1993

Providing software, consulting in the field of information technology, data processing, hosting and related activities and web portals

Started: 02/09/2013

The company TRADETEX has an interesting and very rich history, it also belongs to the oldest domestic clothing companies in the Czech Republic. Its beginnings date back to 1967, when the building in Orlová was built; production continues here to this day. Previously, the seat in Orlová functioned as a service company in a building called "Crafts and services", where, in addition to clothing production, there was also a fur shop, hairdressing and other services. In Orlová, Mr. Ing. Miroslav Kurka opened his first workwear workshop, where 18 seamstresses worked. In 1978, the number of workers increased to 45 and the production of the workshop began to be delivered to ŘEMPO establishments throughout the then Czechoslovakia. That was a turning point, which contributed to further "rocket growth". The emergence of the TRADETEX brand was helped by a small privatization, thanks to which new establishments were created in Karviná and Orlová. Immediately after the revolution in 1990, Mr. Kurka Sr. started a business in the field of clothing sales; in the past he himself worked in a company that sold clothes. Ing. Miroslav Kurka bought a building in Orlová, with which he also bought production, and started producing work clothes here. Other activities that had been operating in the building until then were liquidated. In 1990, the number of employees rose to 220.

And because there was really great interest in TRADETEX clothing, cooperation with 11 other cooperative organizations started, which increased the number of workers by another hundred. At the beginning of 2005, the European Union abolished import quotas for textiles from Asia. Tons of textiles immediately began to flow into Europe, including the Czech Republic, in even greater quantities than before. Competition has increased on the territory of the Czech Republic. Many smaller clothing factories went bankrupt because they could not compete with cheap Asian imports. TRADETEX also had to react to this situation by narrowing down the offered goods in order to be able to maintain high quality and guarantee a high utility value for all the clothing goods sold. After all, TRADETEX has been building on these values for decades and it is one of the pillars of this company. Quality in the first place, as it has always been at TRADETEX. And it was adherence to these values that allowed TRADETEX to grow even in times when others had to quit.

Thanks to its rich experience and knowledge of clothing production, since 2014 TRADETEX has been helping to improve the quality of the supply services of the Kurka concern, which consists of 4 other companies TRADETEX servis, ŘEMPO VEGA, Řempo Lyra and Řempo CB.

Clothes have been produced in Orlová for 30 years. It is a fact that initially work clothes for industry were mainly produced. At present, TRADETEX practically does not produce work clothes for industry at all, or this range is already very limited. TRADETEX now mainly produces clothing for the gastronomy, hotel industry, services, and also produces clothing for leisure. Industrial clothes are imported from abroad, as it is cheaper than production in the Czech Republic. That's why TRADETEX focused on healthcare, hotel industry, gastronomy and leisure clothing.

TRADETEX has a really wide range of activities in the clothing industry and a perfect overview of the complete production process (design, cutting, selection and provision of production material) and production itself. In addition, this knowledge is enriched by experience with the production of clothing for specific industries and professions for which the clothes are created (food industry, gastronomy, healthcare, etc.).

TRADETEX is characterized by the high quality of its products - it uses high-quality Czech and foreign materials during production, and the dimensional design is in accordance with Czech and European standards.

| <b>Assortment of work and professional clothes</b> |   |
|--|---|
| Industry   | dungarees, coveralls, shirts, trousers, blouses and vests, suits for miners, coats, coats, hats, insulated and winter work clothes, warning clothes, etc.   |
| Gastronomy   | clothes for cooks, waiters and waitresses, ronds, trousers, hats, pumps, suits for butchers (Pepito and Kalmyks), coats, smocks, aprons, etc.               |
| Healthcare   | medical pants, gowns, shirts and gowns, nursing gowns, surgical gowns and gowns, caps, mouthpieces, pyjamas, nightgowns, angels, bathrobes, bed linen, etc. |
| Trade and services                                 | cloaks, dresses, aprons, smocks, dress sets, clothes made of natural and artificial materials, of various colours and patterns                              |
| Outdoor  | leggings, skirts, T-shirts, etc.  |

TRADETEX currently has 65 employees; the owner is Ing. Miroslav Kurka – natural person.

**Basic organizational structure:**

- Owner: Ing. Miroslav Kurka
- Company director: Ing. Karel Kratochvíl
- Business director: Ing. Petr Chrapek
- Sales manager: Markéta Větrovská
- Head of production: Jolana Bekeová, DiS

**Partners relations**

TRADETEX's customers are mainly wholesalers. These are mostly smaller or larger companies that have their own warehouse and brick-and-mortar store. TRADETEX has dozens of such business partners across the country and sells around 80% of its production to them.

The distribution channel is, among others, ŘEMPO LYRA, s.r.o. and TRADETEX servis s.r.o., which also belong to the PROPERITA concern. These companies form a certain basis, but they do not serve for the dominant sale of TRADETEX goods. TRADETEX servis s.r.o. is a Czech trading company founded in 2012. The company's goal is to offer a complete range of hygiene systems, cleaning equipment, industrial wipes, cleaning products, polyethylene bags and sacks for waste separation and collection, as well as protective work aids and work clothes produced by TRADETEX.

The final customers are mainly cleaning companies, production plants in the automotive and food industry, medical and school facilities, hotels and restaurants. The company ŘEMPO LYRA represents an industrial distributor that provides its business partners with overhead materials and goods according to their individual wishes and needs, including goods produced by TRADETEX. A significant part of the offer of ŘEMPO LYRA, s.r.o. and TRADETEX services s.r.o.

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they are ING's own products. Miroslav Kurka – TRADETEX. The main product is work clothes made of high-quality Czech and foreign materials that meet valid standards. A declaration of conformity is issued for all manufactured products. And the rest are essentially customers at 2 brick-and-mortar stores.

### **TRADETEX centers:**

Orlová-Lutyně, U Centrumu 749, Orlová-Lutyně 735 14

Praha-Hostivař, Daliborova 161/26, Praha 10 – Hostivař 102 00

The fastest growing is sales via e-shop, where the market is more stable and does not undergo major influences. The analysis of the e-shop is carried out by the marketing department, which supports online sales with active marketing - advertisements on Seznam, Google and others.

TRADETEX does not have key partnerships. In the past, TRADETEX had a dominant customer, the RENATEX company (providing a comprehensive laundry service), with approximately 30–40% of production. TRADETEX produced work clothes for RENAREX, which REANATEX supplied to customers, who then also provided their subsequent maintenance. But a key customer ran into financial problems, and these were immediately transferred to our company as well. And for this reason, TRADETEX now has no customer that exceeds 5% of sales, which on the one hand is more laborious than having a lot of small customers, but on the other hand, the loss of 1 customer will not significantly threaten the operation of TRADETEX.

From references of our customers:

Company LE & CO – Ing. Jiří Lenc, s.r.o.

has been cooperating with TRADETEX for more than 20 years

*"During our cooperation, we place great emphasis on the quality of materials, tailoring work and a wide range of products, which the TRADETEX company fully fulfils. An integral part of our cooperation is perfect communication and an individual approach to our requirements, which are resolved promptly. We intend to cooperate with the TRADETEX company in the years to come. ."*

VEOLIA ČESKÁ REPUBLIKA, a. s.

deputy director of centralized purchasing Solutions and services a.s.

*"The advantage of the supplier TRADETEX is the permanent quality of the delivered goods of Czech-made workwear, the ability to serve the remote operating units of our companies with a good quality of service."*

PKP CARGO INTERNATIONAL

Procurement officer

*"We have been cooperating with TRADETEX for many years, the cooperation is at a very professional level. Its strengths include responsiveness and willingness to deal with requests, speed, reliability and quality of delivered goods."*

E-SHOP

*Evaluation of the e-shop on the Heureka.cz portal: 96% of customers recommend it according to the TRADETEX satisfaction questionnaire for the last 90 days. Overall satisfaction with the store is 4.8 (out of a maximum of 5). The average delivery time ranges from 2-3 days, 100% of customers received the goods within 6 days at the latest.*

**Figure 1: Customer evaluation**



Source: Company website

## Protected workshop BROUK

The company BROUK s.r.o. is also located in the production premises in Orlová, which employs people who are partially disabled or have a changed working ability. Their ratio to persons without health restrictions meets the criteria of "protected workshop" according to § 24, par. 3, letter b of Act No. 1/91 Coll. authorized to provide "substitute performance". Employees of the sheltered workshop produce personal protective work equipment, tools and clothing that ensure protection and safety at work. Approximately 20% of the activity is made-to-order production of work clothes. Custom production includes certified high-visibility warning clothing according to ČSN EN 340 and 471, work clothes in various colour combinations and professional finishes, oversized and non-standard clothing sizes, sewing, assembly and packaging of various technical products, assembly, marking and repair of work clothes.

## Introducing innovative products

Competition in the clothing industry is very strong, so the company must constantly think about how to be different and make itself visible. The development department works on the creation of news. The development staff, in cooperation with sales representatives, monitor the workwear market and, based on information from customers, sellers, or based on a survey of current trends, suggest what new products need to be worked on for the coming period.

Based on the designs, the clothing designer selects a suitable material, makes the cuts, the fitter performs the price calculation, and the sample is sewn. Subsequently, the sample is tested, deficiencies are adjusted. Size lines are sewn, the novelty is photographed and it can go on sale.

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Each segment has its own specifics and employees' requirements for work clothes change. Today, it is no longer clearly specified who and what working virgins should wear in that given profession. Therefore, for example in medical facilities such as small and larger surgeries, gastro and services, the demand for trick smocks, preferably with pockets, has developed in recent years. This product was not offered by competitors at the time, therefore TRADETEX purchased the first knitting machine and created the first prototypes in two colours. Today, TRADETEX sells these trick blouses in 10 colours and expands the offer of other knitted items, such as leggings, dresses, skirts, etc.

As stated by the company director, engineer Kratochvíl:

*"The process of developing and manufacturing clothes is a relatively long and expensive process - from technology, documentation, securing material, cutting, sewing and others. It can be said that we are always experimenting, when inventing and designing new products. If the product is interesting, it is sent for development. Often everything is adjusted several times before everything is in order. After sewing, the goods must be photographed, so you need to find a photographer, a model, rent a studio and so on. Only then can the product be put on the e-shop and website and start selling. The path to the introduction of a new product is quite long. We always try to introduce new products, come up with new ideas. We introduce 3-4 products a year."*

When comparing the goods sold 10 years ago, it can be observed that the goods that TRADETEX sold 10 years ago only account for 10% of sales today. TRADETEX underwent a complete change in the composition of manufactured goods.

TRADETEX must constantly come up with new products, as the Czech Republic has strong imports in this sector. TRADETEX does not produce the goods that are imported to the Czech Republic; produces new atypical products. TRADETEX still produces clothes, just a different structure of clothes. "Blue" industrial clothing is basically no longer produced in the Czech Republic. TRADETEX produces them only if the customer wants to sew something atypical, wants to have different clothing than he can buy, and thus stand out. The customer e.g. wishes to have inscriptions on their clothes, clothes of a certain color, with which they express their brand, but such demand is becoming less and less. Mostly, TRADETEX sews "white" clothes for gastronomy, hotel industry, healthcare industry.

Regarding innovations, the company director, engineer Kratochvíl further states:

*"Recently, we have been producing more innovative products, we decided to produce clothes for leisure time, so we had to learn how to process new materials, to which we also had to adapt the production technology. We managed it, and thanks to that, we now offer not only our products, but a company that specializes in clothes for dog owners, which they have sewn by us, turned to us. So, thanks to the fact that we know how to work with new materials, we can produce this for them, and they export it, I've seen, all over the world."*

Quality and innovation are the two basic characteristics of TRADETEX clothing, as it tries to keep up with the latest world trends, and in the future the company's goal is to create and determine trends in some areas.

## Operating on international markets

The company TRADETEX supplies work clothes mainly to the Czech market. In the future, however, the TRADETEX company plans to enter Slovakia, also because the Prosperita concern has contacts in Slovakia and also the necessary background.

The biggest competitors of TRADETEX on the Czech market are CERVA GROUP a.s. and CANIS SAFETY a.s., which dominate the local market. Also, for example, ARDON SAFETY.

TRADETEX tries to follow a different path than the competition. It offers its own products, which it develops and manufactures here in the Czech Republic. They do not import products from abroad. TRADETEX manufactures its goods in stock so that customers can buy immediately and do not have to wait for the goods to be produced, which also differentiates TRADETEX from other manufacturers. TRADETEX has its own developed products, which it manufactures and keeps in stock so that it can be delivered to customers immediately. After surveying customers, TRADETEX found out that the customer does not want goods that are not in stock and have a longer delivery time. When TRADETEX keeps the goods in stock and ships them immediately, that's how it works. This is the fundamental difference between TRADETEX and other manufacturers.

A major competitor for TRADETEX in the field of healthcare is CLINITEX, which is a leader in sewing medical clothing and textiles. CLINITEX is more focused on large series of products for large hospitals, while TRADETEX produces smaller series of clothing for smaller medical facilities. Most medical facilities have atypical products, each hospital usually has its own colors or cutting habits, therefore this type of work clothes is not imported to the Czech Republic and is produced here. In addition, while the world already produces work clothes from a mixture of materials, cotton is still required in the Czech Republic, so that is another specific feature of production in the Czech Republic, especially in the healthcare sector.

The director of the company, engineer Kratochvíl states:

*"We monitor our competitors, we also monitor their prices for similar products. However, we try to go to the point where we produce other products that do not even have competition, so that we do not have that comparison, and we can set the price ourselves. The fact is that in our production it is necessary to be flexible. We produce what the customer wants. We also make custom pieces of clothing. We need interesting products, that's why we are constantly developing and at the same time respecting the needs of customers."*

## Impact of covid-19

The covid-19 pandemic affected TRADETEX significantly. On the one hand, the disease passed through the company, so in February 2021 almost 75% of employees were sick with covid-19. The company was paralyzed by this, but kept going. Then in April/May 2021 TRADETEX was hit by an order crisis. Since most services were closed (e.g. industry or hotel industry), TRADETEX essentially had no one to produce for, even though its own production was not closed. In addition, the retail stores to which TRADETEX sells many of its goods were also closed. TRADETEX delivers most of its goods to traders who have their own shop or warehouse; local customers then come to them to shop. These merchants had brick-and-mortar stores closed in the spring of 2021, so demand was very limited. It was such a

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crisis that basically the employees had nothing to work on. From the summer of 2021, the situation gradually stabilized.

In production, it is essential to always have a supply of work. As soon as employees in production do not have work and have downtime. Employees in the TRADETEX production are paid by the task, so during the covid-19 pandemic, the company had to pay them up to the minimum wage. Due to the lack of orders, the company had to give production employees 2-3 days off per week.

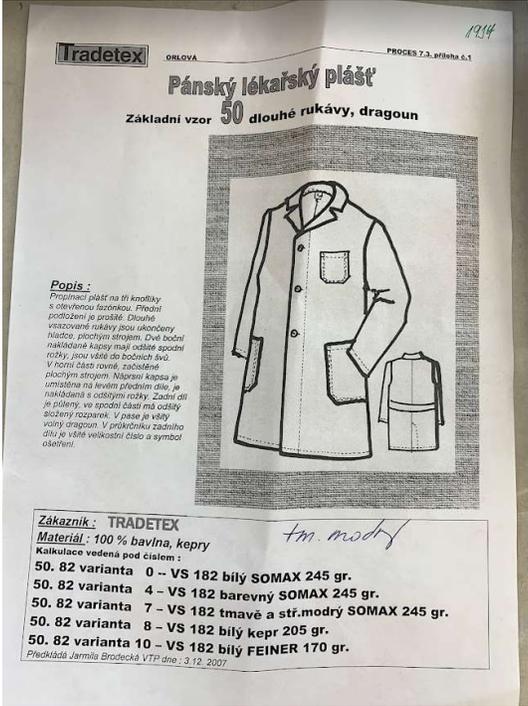
The situation was aptly characterized by the director of the company:

*"Because we focus on custom sewing, automation is not our goal. We use semi-automatic machines, on which you can already set a lot of things, but the human factor is still necessary and important. So that's our biggest currency, the people here. And that's why we didn't fire any of our employees even during the covid crisis, even though the production was weaker, but we believed that we would overcome this crisis. It would be difficult for us to get the stitches back, because there are really few of them."*

In the first wave of the covid-19 pandemic, TRADETEX employees sewed textile masks, as there was enough free production capacity. As of April 8, TRADETEX employees produced 53,457 masks. From April 14, TRADETEX opened its store in Orlová and in Prague, where cotton masks were in stock for immediate purchase, masks could also be purchased online on the TRADETEX website. So, thanks to this, the company managed to delay the 1st covid crisis. Later, however, disposable masks began to be heavily imported from the East, and thus the production of cloth masks came to an end. In 2021, the covid-19 pandemic hurt TRADETEX more significantly than last year. The company did not receive any help from the state. This is also why TRADETEX is now even more cautious about receivables, because there are fears that some TRADETEX customers might not be able to withstand the covid crisis.

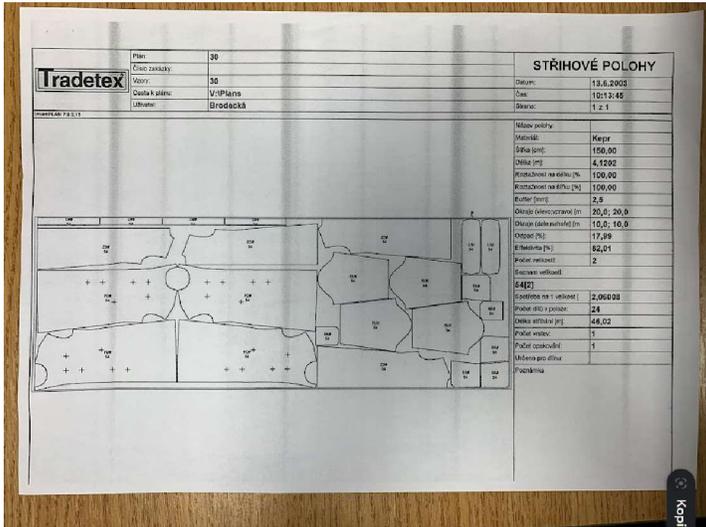
During the covid crisis, TRADETEX was mainly supported by customers shopping via the e-shop. TRADETEX considers the introduction of the e-shop as a successful project. Until 3 years ago, TRADETEX did not sell any of its goods here, as at that time the company did not even need it, as it had a dense network of wholesalers to whom it supplied its products. He kept the TRADETEX e-shop running during the pandemic, in a way he made up for the loss of wholesale partners. So, thanks to orders from the TRADETEX e-shop, sales did not decrease, but there was a decrease in the sale of products manufactured by TRADETEX. TRADETEX production decreased, but increased sales of purchased items were noted. In the final, TRADETEX maintained similar sales as in 2019 or 2020, but the structure of the goods sold was different in this period. The e-shop market was more stable during the covid crisis and did not undergo major influences, while it was the opposite for merchants during the covid-19 pandemic.

Figure 2: Basic sample sheet



Source: internal company materials

Figure 3: Cut design



Source: internal company materials

**Figure 4: Fabric cut according to design cut**



Source: internal company materials

**Figure 5: Cut**



Source: internal company materials

Figure 6: Production



Source: internal company materials

Figure 7: Finished product



Source: internal company materials

Figure 8: Storage



Source: internal company materials

### Notes and sources used

Brouk s. r. o. *Pracovní pomůcky všeho druhu.* <http://www.brouk.info>.

Tradetex. O nás. <https://www.tradetex.cz/o-nas>.