



## INTERACTIVE INTERNET BUSINESS TOOLS FOR PROMOTING "MADE IN ROMANIA" TEXTILE AND APPAREL PRODUCTS"

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### ABSTRACT

*The Textile Industry is one of the major industrial sectors from Romania, keeping in mind that Romanian Textile Industry has exported in 2002 more than 40 per cent from the entire national exports in European Union countries. In fact, the most of the products exported in EU countries were manufactured in CMT (Lohn) system. Looking deeply in the entire Romanian textile Industry we must emphasize the fact that only a few Romanian companies are trying to export the products designed and manufactured by their design departments.*

*At January 1-st 2005, the Agreement on Textiles and Clothing (ATC) will end, and with it the quota system for international trade in textiles and clothing. In order to survive after the deep crisis that will be generated after quota system for international trade in textiles and clothing will end; the Romanian Textile and Apparel Companies must find new solutions for promoting their own designed products.*

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*In nowadays, Romanian companies have two alternatives, in order to export the products designed and manufactured by themselves: to participate at the international fairs and exhibitions or to exploit the technological advantages of the Internet communication systems. Both alternatives are extremely hard to be applied because participation at an international fair means a great investment in money and time, and by the other hand the experience and skills on developing innovative business-to-business tools for promoting the own designed textile products are very poor in Romania.*

*The paper presents some new interactive tools, developed to push the major companies from the Romanian Textile Industry in a new phase of their business developing, by selling on the European Market not just their labor force but also their original designs and products.*

*The "E-Business Tools" are already fully operational in the Electronic Marketplace of the Romanian Textile Industry, RomTextiles (<http://www.romtextiles.com>)*

*Though the Interactive E-Business Tools systems, the Romanian Textile Companies will be able expose their own designed products, to collect sample requests and to get production orders. The new B2B tools are interactive and there are not managed by the RomTextiles, E-Marketplace*

administrators those tools are individually managed by the Romanian Textile companies, over the Internet.

*Key words: Electronic Marketplace, B2B, textile, Internet, electronic marketing, apparel, CMT*

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## 1. Introduction

The exponential developing of the ITC offer, though the Internet, a new commercial medium, used for communication, cost reduction, management of suppliers, streamlining logistics and reaching the consumer [3]. The Internet has been described as the world's most important network, and allows companies to build links directly with customers, suppliers within the supply chain, whilst at the same time being flexible, dynamic and affordable for companies of all sizes [3].

Of course that the Internet didn't solved all the information problems, because the information is not an entirely digitizable commodity, and there are still a large numbers of transactions require face to face (F2F) interaction. This is why the Internet does not appear to have a major bite on some B2C transactions, including those from the textile and apparel industry. A major obstacle in the developing of B2C transactions on apparel sector is the fact that many of the characteristics of a textile products, like: touch and feel, fit, even the color cannot be reproduced yet virtually [4].

On the B2B transactions for textile and apparel industry, the situation is different, because the Internet B2B systems, allows companies to reduce purchasing costs, reduce inventory, lower cycle time and lower costs of marketing. [3]. An argument for the expansion of the B2B systems in Textile and Apparel Industry is that "eMarket Services", an international independent collaboration of trade promotion organizations has been listed 45 Electronic Marketplaces, from this sector, on its directory (<http://www.emarketservices.com>).

An Electronic Marketplace (eMarketplace) is a web site with trading functions for several buying and several selling companies. The provider of the electronic marketplace has no control over the prices of the products. Buyers and sellers do business with each other and pay a fee to the eMarketplace. The electronic marketplace has some trading functions like price negotiation in the form of an auction or catalogue of products with the possibility to request a quote or order online [2].

## 2. The Situation of the eMarketplaces for Textiles and Fashion Industry in Europe<sup>1</sup>

Letizia Gallacci and Giovanni Luca Atena, in their report, " *E-marketplaces in the Textile and Leather Sector*", published in December 2003, shown that the number of European eMarketplaces for Textile and Fashion Industry has been growing from 13 to 45 between June 2001 and October 2003 [1]. In Table no 1 it is shown the geographical distribution of eMarketplaces in Europe according with "eMarket Services" data.

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<sup>1</sup> Letizia Gallacci, Giovanni Luca Atena, " E-marketplaces in the Textile and Leather Sector", special report compiled for eMarketServices, December 2003, [http://www.emarketservices.com/reports\\_facts/pdf/Report031203\\_Textile.pdf](http://www.emarketservices.com/reports_facts/pdf/Report031203_Textile.pdf)

**Table 1.** The geographical distribution of eMarketplaces in Europe.

Country	No of eMarketplaces	Country	No of eMarketplaces
Belgium	1	Netherlands	1
Bulgaria	1	Portugal	2
France	2	Poland	2
Germany	4	Romania	2
Italy	13	Spain	9
Hungary	1	United Kingdom	4

From the total amount of the Electronic Marketplaces presented in table no 1, 33% are focused in a particular geographical region, coinciding with the country where the e-marketplace has its head office. In the apparel and textiles sectors it is common for sellers from a particular country to offer locally produced products on a global scale. This is the case for e-marketplaces in Italy, Spain and a few Eastern European countries.

### 3. Short introduction in Romanian Textile and Apparel Industry

The Textile Industry is one of the major industrial sectors from Romania, keeping in mind the following issues:

- There are more than 5,000 Textile and Apparel Companies, with more than 600,000 employees;
- 99.9% Private Capital;
- Export orientated: Romanian Textile Industry has exported in 2002 more than 40 per cent from the entire national exports in European Union countries;

A negative fact is that today, the most of the Romanian Textile companies are working in CMT system (also named Lohn system). In the CMT system (Cut, Make and Trim) the subcontractors companies are responsible for providing the labor and machinery to assemble garment s for manufacturers, wholesalers or designers. The customer provides raw materials, patterns and marketing. Finished goods are returned to the contractors companies for quality control and dispatch and are sold on their band name, with a great profit. For example, in Romania for a woman overcoat an UK company pay to its subcontractor 10

USD/unit and sell in England the same overcoat for 200 GBP.

At January 1<sup>st</sup> 2005, the Agreement on Textiles and Clothing (ATC) will end, and with it the quota system for international trade in textiles and clothing. In order to survive after the deep crisis that will be generated after quota system for international trade in textiles and clothing will end; the Romanian Textile and Apparel Companies must find new solutions for promoting their own designed products.

Matthias Knappe shown in his article, *"Textiles and Clothing: What Happens After 2005?"*, published in *International Trade Forum* (issue 2/2003) that the Electronic applications can be exploited by the textile and apparel companies, in order to remain an important source for international professional buyers. According to Matthias Knappe *"E-applications facilitate sourcing and supply chain management; production planning; design and forward integration, including Internet sales. The main goal of e-applications is to increase flexibility and to shorten the overall value chain, thus reducing lead-time. A shift to e-applications also highlights that a company is both competitive and willing to adjust to the demands of the market"* [5]

### 4. Electronic Marketplace for the Romanian Textile and Apparel Industry

The main goal of the Romanian Textile Electronic Marketplace (RomTextiles) is to promote the textile products designed and manufactured in Romania and this fact will improve the promotion and finally the

export of the textile products designed, not just manufactured, in this country.

The Electronic Marketplace was launched on the Internet in December 2001, at the <http://www.romtextiles.com/>. The system was designed on an English language platform, like a vertical business Marketplace where professionals, may find whatever they have been looking for: any kind of product, manufacturing process and service from the most qualified Romanian suppliers in the Fashion and Textile industry.

In his short history, RomTextiles has been mentioned by many international publications like: *ItaliaOggi, ImagesFashion, Financial Times, Fashion Business International* like a real source of information for any international professional buyer willing to find suppliers in Romanian Textile and Apparel Industry.

Table 2., shows the visibility of the RomTextiles Marketplace on the *Google* search engine by searching with the common key phrases, in English language.

**Table 2.** The visibility of the RomTextiles Marketplace on the Google search engine

Key phrase	URL	Page	Page position
romanian textile	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian apparel	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian silk	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian cotton	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	3
romanian fabrics	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian knitting	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	2
romanian yarns	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian fashion	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian clothing	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	2
romanian textile marketplace	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian home textiles	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1
romanian leather	<a href="http://www.romtextiles.com">http://www.romtextiles.com</a>	1	1

There are two main sets of tools delivered by the RomTextiles Electronic Marketplace:

- *Promotional and Marketing Tools*
  - Listing** of the company in the marketplace's Search Engine and Directory;
  - Storefront** (mini WEB site) showcasing the company and its offer.

## LISTING

Each Romanian company registers to the marketplace and its basic data are published

**T** when matching a search engine query or browsing the directory of product categories.

**M** Data includes the following information:

- Company Name;
- Short description in English language (featuring key words related to the company's offer);
- Address, Phone & Fax Number, E-Mail Address;
- Storefront button (link to the company's Storefronts available in the marketplace);

The listing appears in the eMarketplace when:

- A visitor run a query through the search engine available in the marketplace;
- A visitor browses the Directory of Product Categories available in the marketplace.

## STOREFRONT

The Storefront is a 1-page WEB site, which introduces the company joining the marketplace. It has been carefully studied as an effective business tool able to let buyers

understand quickly and with no misunderstanding what each company joining the marketplace is really able to offer. The whole text is in English language.

The companies that are working in CMT (Lohn) systems and also, the companies willing to promote their own designed products can use the Promotional and Marketing Tools.



**Figure 1.** Storefront for a Romanian apparel company

- *E-Business Shops*

This service of the Romanian Textile Marketplace, Electronic Catalog, is pushing the concept of supporting the "Made in Romania" textile products export in this highly competitive world, where communication is a must. The Electronic

**T** Catalog is an advanced B2B tool designed to help Romanian companies to jump from CMT to direct sales. The companies currently having an advanced Business-to-Business Electronic Catalog, are exposing their own designed products, are collecting sample requests and then can get production orders.

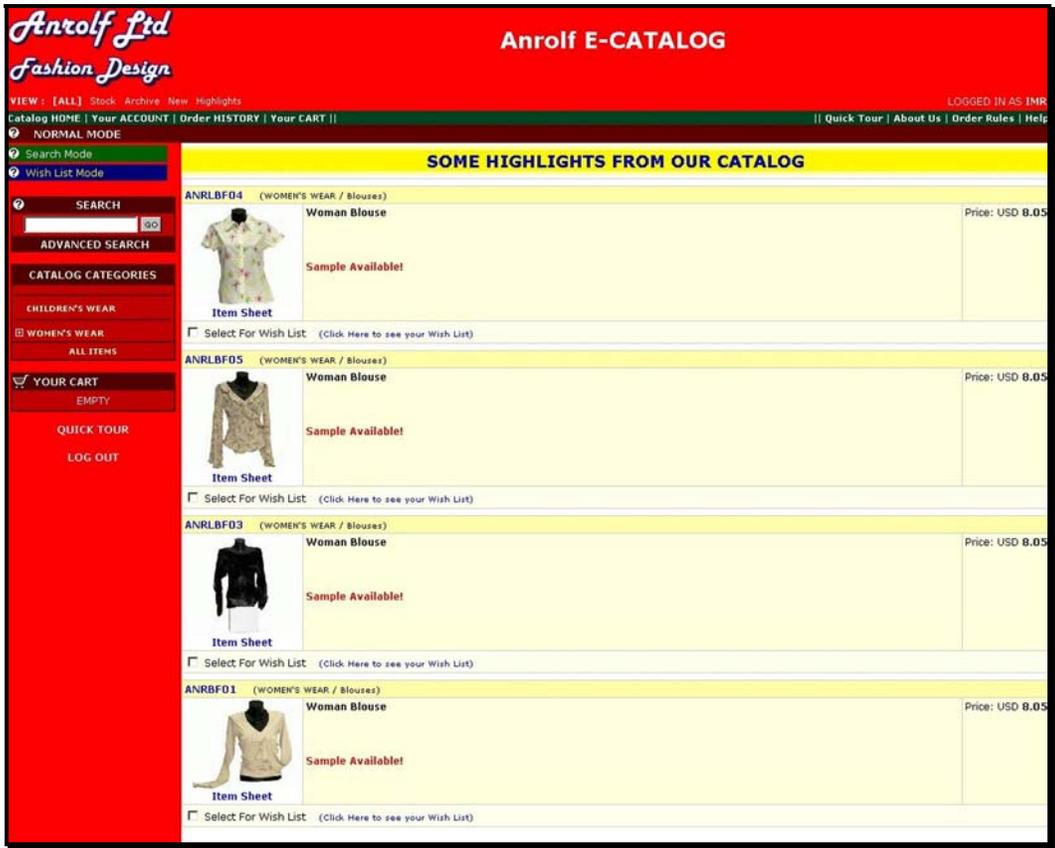


Figure 2. Items exposed the public area of the Electronic Catalog

Figure 3., shows the details of a product exposed in an Electronic Catalog. We must emphasize the fact that this tool is developed

only for the companies willing to promote only their own designed products not for those that are working in CMT system.

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**Figure 3.** The details of a product exposed in an Electronic Catalog.  
*a – The product in normal size; b – The main characteristics of the product; c – On-line Place Order button; d – Zoom Window*

The Electronic Catalogs are not managed by the eMarketplaces administrators; those tools are individually managed by the joined companies. This means, when visiting an Electronic Catalog, the international professional buyers will find just products from the company managing it.

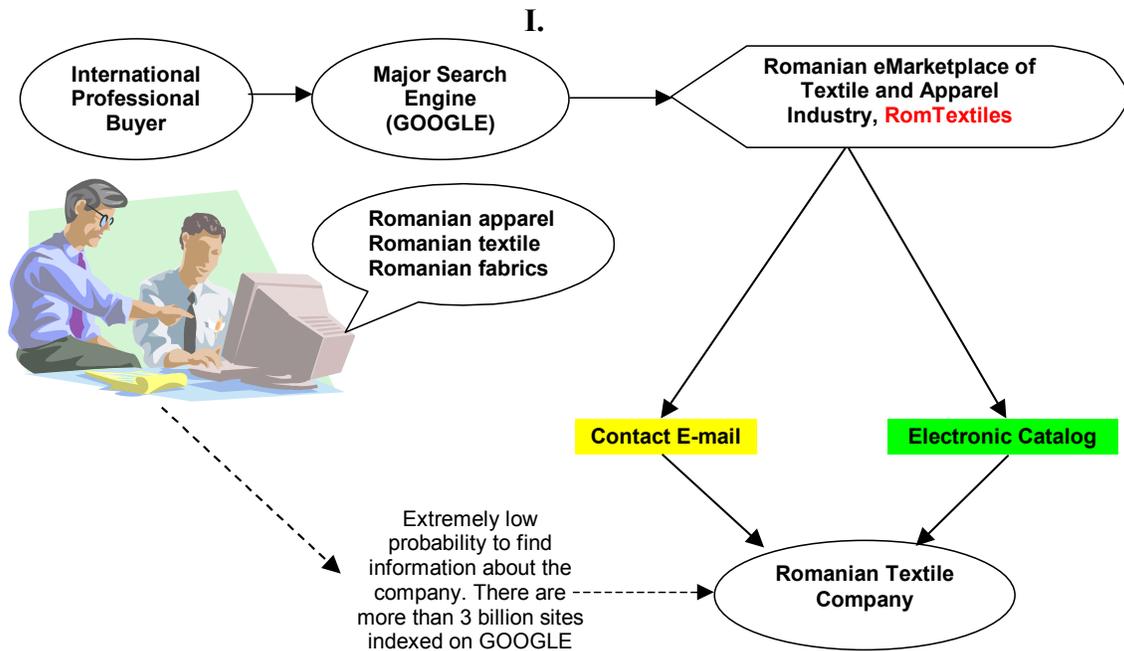
For browsing the products exposed in RomTextiles Electronic Catalogs the users must register their data. The administrator of the catalog can allow or not a user to see all the products or just the products exposed in the public area.

Every item exposed in the Electron Catalog has price and description. By simply clicking on one of the displayed items the customers will get a full description of the item's price, size range, colorways available, quality and purchase information

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The customers can make an order through an on-line form. The order is sent by e-mail to the textile company that manages the Catalog. Usually at the beginning the customer buys a very small quantity of the product (one or two pieces), just to get an idea of it. Afterwards, if he is satisfied, he makes other orders for higher amounts: at that point it starts negotiating over the price. The price negotiation happens off-line. The eMarketplace works basically as a "contact generator".

The example from figure 4 shows how the E-business Tools from RomTextiles Marketplace are generating business leads to the Romanian Companies that joined in the system.



**Figure 4.** The business leads generating process through the RomTextiles Electronic Catalogs

## 5. Conclusions

- The Electronic Catalogs allows the Romanian Textile Companies to sell their own designed products on the International market, and to increase their profit. Also the advanced business-to-business tools from the RomTextiles Electronic Marketplace will offer the possibility to those companies that now are working only in CMT (Lohn) system to survive the crisis that will be generated in the Textile and Apparel Industry, after the Lohn system will disappear from Romania.
- Using English as its working language, the Electronic Catalogs allows the foreign buyers to exploit the reputation of the Romanian Textile and Apparel products to make rapid contact with a vast number of textile and clothing suppliers.

- The main limits for the Electronic Catalogs expansion, at the present time are:
  - The expansion of the Romanian un-professionals web sites claiming that they can expand the exports of the textile and Apparel Companies, by their services
  - Paucity of marketing-oriented people in most SMEs;
  - Paucity of people having even a basic knowledge of E-Mail writing and Marketing, as well as other techniques to have business through Internet;
  - Problems with foreign languages;
  - Problems to deal with distant possible customers;
  - Bad or odd ideas about Internet.

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