



저작자표시-비영리-변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 이 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:



저작자표시. 귀하는 원저작자를 표시하여야 합니다.



비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.



변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 [이용허락규약\(Legal Code\)](#)을 이해하기 쉽게 요약한 것입니다.

[Disclaimer](#)

국제학석사 학위논문

**Korea's Competitive Position in Apparel Industry:
Strategies and Perspectives**

한국 의류 사업의 경쟁적 위치: 전략 및 전망

2012 년 8 월

서울대학교 국제대학원

국제학과전공

Anastasiya Tsoy

Master's Thesis

**Korea's Competitive Position in Apparel Industry:
Strategies and Perspectives**

한국 의류 사업의 경쟁적 위치: 전략 및 전망

August 2012

Graduate School of Seoul National University

International Commerce

Anastasiya Tsoy

©Copyright by Anastasiya Tsoy

All Rights Reserved

ABSTRACT

Korea's Competitive Position in Apparel Industry: Strategies and Perspectives

Anastasiya Tsoy
International Commerce
Graduate School of International Studies
Seoul National University

Korean apparel industry still plays an important role for the Korean economy. In the past, Korean apparel firms have traditionally competed in global markets through the low cost advantages over its competitors. However such countries as Vietnam, Cambodia, Indonesia, Philippines and particularly China are now emerging as “newly industrialized countries” the title which Korea used to have in its past and entering global arena building their competitive competencies, thus threatening cost advantages of Korean firms. Formation of trading blocs has increased Korea's vulnerability to global competition as it accelerated the change of sourcing pattern.

The large opening in logistics in 1996 in Korea made the domestic fashion market the arena of competition among advanced goods from abroad. Since 2001, country has seen a flood of popular “fast fashion” brands, putting domestic brands even on a more harsh competition. Thus current study attempted to develop and suggest survival strategies for sustaining competitive advantage for Korean apparel industry using Generalized Double Diamond model and make analysis of cultural aspect, country image to give additional insights and propose strategies not only at industry level but company level as well.

Keywords: *apparel industry, low cost advantages, global completion, survival strategies, Generalized Double Diamond Model, culture*

Student Number: 2009-24059

TABLE OF CONTENTS

Abstract	I
Table of Contents	II
I. Introduction	1
1.1. Background	1
1.2. Purpose of Research	2
1.3. Methodology	3
II. Literature Review	5
2.1. Evaluation of the Literature	5
2.2. Contribution to the Literature	9
III. Market Overview	13
3.1. Current Status of Korean Apparel Industry	13
3.2. Retail Structure in Korea	17
3.3. Market Situation of Fast Fashion Brands in Korea	19
IV. Theoretical Framework: Generalized Double Diamond Model	21
4.1. Factor Conditions	23
4.2. Demand Conditions	26
4.3. Firm Strategy, Structure and Rivalry	29
4.4. Related and Supporting Industries	33
4.5. Role of Government	40
V. Cultural Aspect of Enhancing Competitiveness	44
5.1. Individualism vs. Collectivism	45
5.2. High Uncertainty Avoidance	47
5.3. Implications for Korean Companies	49
VI. Creation of Global Brands	53
6.1. Enhancing Korea's National Image	58
6.2. Creating Unique Design Style	57
VII. Conclusion	65
References	70
Annex	78
Abstract (Korean)	80

I. INTRODUCTION

1.1. Background

The fashion industry experienced globalization more rapidly than any other sector because it has separate production stage so that any country can participate in a production stage no matter what their level of economic development (Kim and Lee, 2008). Normally, the apparel and textile industry play an important role at early stage of economic development of countries with low capital intensity. These two sectors continue to be one of the main revenue-generating industrial sectors in many countries. Thus it was the case of many Asian economies such as Japan, South Korea, Taiwan and Honk Kong in the past two decades.

However, as apparel industry is labor intensive industry, Korea is vulnerable to increased global competition, which has intensified after China's participation in WTO which has clear cost advantages because of abundant labor supply. Formation of trading blocs accelerated the change of sourcing pattern: US apparel imports from Asian Big Three share 51% in 1988 but in 1996 had fallen to 39%, Mexico and Caribbean replaced their share (Park and Rhee, 2007).

Furthermore, Korea has seen an influx of foreign brands which has seen been only rising since 2005 with the entry of so called "fast fashion" brands like ZARA, Mango, H&M making competition more severe and getting even more attention during recent 2008 economic recession due to affordable prices of these brands and quick formula bringing trendy styles at rapid speed.

1.2. Purpose of Research

The global textile and apparel industry is worth over US\$ 4,395 billion, with clothing accounting for 60% of the market. Global trade was in the range of US\$ 600 billion in 2010 and expected to be US\$ 800 billion by 2014 (India Brand Equity Foundation, 2007). The number of textile and clothing companies in Korea totals 5,923 accounting for 10.2% of the total number of manufacturers as of 2009. In addition, the number of employed personnel in the textile and apparel industry has reached 172,654 accounting for 7.0% of the total employed population in Korea's manufacturing sector. An international conference on Next-Generation Growth Industries held by the Ministry of Commerce, Industry and Energy in 2003 included the fashion industry as one of the five growth industries for the next generation in Korea (Korea Federation of Textiles Industries, 2010).

Thus as South Korean apparel industry is of great importance to the economy in terms of trade, employment, and revenue it is necessary for Korean apparel industry to take a competitive stance to face global competition as sustainable advantage in fashion industry can lead to economic growth. The aim of this thesis is to assess the current status of the apparel industry in Korea, identify competitive advantages and leverages to enhance the performance of apparel industry as whole and individual apparel companies suggesting future directions in sustaining competitive advantage, taking into consideration cultural aspect as well to fully evaluate and make deep, comprehensive analysis in order to better understand and explore opportunities for improvement.

1.3. Methodology

There are two different types of research methods which can be classified as quantitative and qualitative. Quantitative research focuses on analyzing numerical data to describe and explain certain phenomenon, whereas qualitative research deals with meanings, examining the attitudes, feelings and motivations of people (Babbie, 2004; Dey, 1993).

In the field of research, qualitative research is sometimes regarded as a relatively minor methodology and there are some assumptions that only experimental data, official statistics, random sampling and quantified data can lead to valid social facts (Tam, 2007). However, both of these methods are not perfect in a sense that they need to serve as a complement to each other as both of them have its own advantages and disadvantages.

Quantitative analysis analyzes data based on representative samples from a large population (Proctor, 2005). It makes this method more competitive as it provides with large scale, numeric data. Qualitative research, it is more likely to look into people's in-depth feelings, for example, attitude (Kirk and Miller, 1986). However, research needs a partnership and it could be beneficial to collaborate rather than compete between the different kinds of research methods (Easterby-Smith, Thorpe, and Lowe, 2002).

In this thesis the combination of both qualitative as well quantitative research methods such as official statistics and data are used to make analysis more reliable because taking into consideration only data and samples and then draw some conclusions may not give a clear picture but ability to analyze is more important. Data is collected mostly via Internet; however a number of printed publications are used as well. The information for the research is mainly taken from scientific sources such as EBSCO, Emerald, Google

Scholar, and Elsevier. As for analytical tool, Generalized Double Diamond (GDD) model of Moon, Rugman, and Verbeke (1998) which is extended version of Porter's (1990) diamond model was used in this thesis. By analyzing apparel industry in Korea weak points have been explored and new strategies for surviving have been suggested. For more comprehensive evaluation, cultural aspect using the notion of Hofstede (1983) model mainly two dimensions such as Individualism vs. Collectivism and High Uncertainty Avoidance are included into analysis as they appear to be significant in understanding consumer behavior in case of Korea.

II. LITERATURE REVIEW

2.1. Evaluation of the Literature

There have been studies analyzing how to sustain competitiveness in the clothing industry. Some of them were specifically concentrated on Korean case (Jin and Moon, 2006) some focusing mainly on the organization and governance of the global supply chain (Gereffi, 2002) taking Asian economies as whole to evaluate international competitiveness in the apparel commodity chain. Industrial upgrading of the clothing firms in developing economies has attracted extensive attention (Tokatli and Kizilgun, 2004; Tokatli, 2008; Gereffi, 1999).

Referring to Korean case, Jin and Moon (2006) give a good framework to examine how Korean fashion industry can overcome unfavorable environments, and convert them to competitive advantages for its continued growth. The study used diamond model as a theoretical framework. Using diamond model approach, new factor conditions such as skilled human resources as designers and production and process technology that are specific to global sourcing and management appeared to be important in sustaining competitiveness giving perspective of global sourcing. High level of consumer needs can be epitomized through branding as for related and supporting industries this factor is not very important as raw materials can be sourced. Agility is competitive weapon to achieve success. Further on, analysis was extended using GDD approach where strategies such as co-development of designs, internationalization, along with buying offices and solid system for agility have been identified.

Agility has also been recognized as a very important factor in today's volatile market by many scholars (Hiebelar, Kelly, and Katteman, 1998; Christopher, Lawson, and Peck, 2004). Hiebelar et al. (1998) examined an agile operation where minimal lead times are required to serve volatile market demand with high levels of unpredictability. The use of the information technology to share data between buyers and suppliers is critical for agility supply chain (Harrison, Christopher, and Van Hoek, 1999). Christopher, Lawson, and Peck (2004) note that conventional organizational structures and forecast-driven supply chains which are typical for fashion markets are not adequate to meet the challenges of turbulent market demand. They also indicated that global sourcing strategies which many countries have pursued to secure cost inputs may result in inflexibility and decrease the speed of response. Offshore sourcing as the way to lower costs can have some negative consequences if we take into consideration hidden cost and inflexibility which are costs related to the costs of using suppliers that are inflexible and unresponsive to changes in demand. Once the hidden cost are categorized and the inflexibility cost are added, offshore sourcing become far less attractive and using domestic quick response supplied may be a better option due to the added flexibility.

The most recent literature related to clothing industry in Korea regards this sector from the industry life cycle perspective (Jung and Lee, 2010). The industry evolution literature suggests that industries go through distinct stages in their life cycles. Researches in the industry life cycle tradition have argued that a number of firms in an industry grows when the industry is new, then declines sharply, and finally levels off.

Korean Textile and Apparel industries (T&A), according to these authors show a typical example of industry evolution pattern which were described by Toyne, Arpan, Barnnett, Ricks, and Shrimp (1984) who identified six phases observed in the T&A industry at the individual country level. These authors claimed that apparel production and exports expand during the initial stage of a country's T&A industry; then in later stages of the industry life's cycles, fabric production grows and fiber manufacturing develops followed by decline in output and trade deficits in apparel and textiles.

Jun and Lee (2010) claimed that Korean T&A industries at a mature or decline stage and shows the five distinctive phases of the industry life cycle: a) growth in apparel manufacturing due to low-cost labor, b) growth in textile manufacturing to support domestic apparel manufacturing; c) growth in exports due to quality and cost competitive advantages; d) decrease in manufacturing and exports from the loss of competitive advantages, and e) transformation from manufacturing to value added activities. This study found out that there are three clusters of Korean apparel manufacturing firms in the mature or decline industry life cycle such as domestic, foreign and retailer. Domestic manufactures cluster showed a moderate association with export business activity as well as experience, integrity, service and quality and foreign manufacture cluster showed moderate associations with export activities as well as price, quality and service as competitive advantages. As the industry had matured, Korea apparel manufactures have either moved to foreign countries for price competitiveness or shifted their main business activities to retailing with their own brand.

Other studies evaluate apparel industries from Global Commodity Chain (GCC) perspective (Gereffi, 2002). This perspective focuses on the structure and dynamics of production and trade networks that connect local and foreign firms. This theory emphasizes that linking up with a particular set of foreign buyers leads to industrial upgrading, a process in which local firms gradually shift to complex, forms of exporting by acquiring new capabilities. There is a critical distinction between buyer-driven and producer driven commodity chain. Apparel industry is an example of buyer-driven commodity chain which refers to industries in which retailers, marketers, and branded manufactures play important roles in setting up decentralized production networks in a variety of exporting countries, typically located in the third world. Lead firms are the primary sources of material inputs, technology transfer, and knowledge in these organizational networks.

East Asian firms have tended to develop multi-layered global sourcing networks where low- wage assembly can be done in other parts of Africa, Asia, and Latin America. Profits in buyer-driven chains derive from unique combinations of high-value research, design, sales, marketing and financial services that allow the retailers, designers to act as brokers in linking overseas factories and traders with evolving product niches in their main consumer market. Industrial upgrading for apparel exporters is primarily associated with the shift from assembly to full package.

Some other literature takes specific example of country and regards it from the diamond model perspective (Watchravesringkan, Karpova, Hodges, and Copeland, 2010). The authors made analysis of Thailand competitiveness in apparel industry. They also specified such competitive advantages as agility, designers and also the presence of

interdependent economic agents supporting Thai apparel industry. Regarding domestic rivalry, they pointed out that Thai companies may have advantage because they better understand local consumers, can cater to their demands more effectively, and thereby enjoy consumer loyalty.

2.2. Contribution to the Literature

Despite of the extensive existing literature, only few studies focused specifically on Lorean apparel industry besides there are some contradictions and overlapping points. Jin and Moon (2006) indicate that existence of cluster is not that important as inputs can be sourced. Competitive advantages maybe gained through agility as well production and process technology that are specific to global sourcing and management. However, Christopher et al. (2004) argued that using global sourcing strategy may increase risk in inflexibility and low responsiveness to market demands thus domestic sourcing can be better option. Thus some of the existing literature emphasize on global sourcing strategy (cost strategy) while others indicate on agility (differentiation strategy).

Industry life cycle perspective indicates that a Korean apparel industry is at mature or decline stage but if we follow this logic after mature stage the industry will level off which signifies actually that it's a natural process and there is nothing else to do. But however, it should be noted that industry not a declining but a knowledge industry, culture and information. Besides this theory cannot explain why such advanced countries as Italy, France and USA are still competitive in fashion industry. This theory is also weak to explain strong competitiveness of Japan in technology and countries like Korea and Taipei,

China remain technologically dependent on her, which has never exited the so called “mature” industries (Gereffi, 2002).

GCC perspective focuses mainly on linkages of domestic manufactures with foreign buyers (Abernathy and Volpe, 2006; Gereffi, 2002; Gibbon, 2001; Dicken and Hassler, 2000). Thus this theory mainly view industry from global perspective and does not take into consideration national dimension, in which range of state or non-state actors can also be influential in shaping how local firms respond to global players (Hollingsworth, Scmitter, and Streeck, 1994; Smith, Begg, Bucek, and Pickles, 2003). Having recognized the scope limitation of GCC perspective Neidik and Gereffi (2006) broadened the scope and considered the capacity of additional actors, such as the state and business associations. However, they expanded the context in making analysis of Turkey garment industry but the study related to Korean case has not been examined.

And as it has been already mentioned, some literature indicates possible superiority of domestic firms over foreign ones as they better understand preferences of local consumers and can respond to their tastes (Watchravesringkan et al., 2010). However, in their study there was no evaluation of consumer tastes and values. Most of the existing literature regards consumer behavior as a separate part and no study incorporates it into the analysis of competitiveness.

In the current study GDD model which serves as a powerful analytical tool is used for assessing competitiveness. Jin and Moon’s (2006) article was used as a benchmarking article this work was based on. It is really very insightful and gives clues how to analyze competitiveness. However, as the unit of analysis of Jin and Moon’s work lies in the

Korean apparel industry as whole, not individual Korean firms, the current study examined competitiveness at both levels macro (industry level) and micro (company level) giving more concrete managerial solutions.

In the current study the model's framework is extended incorporating new variables and giving more detailed description of identified advantages and the way they can be further enhanced. As brands were identified as important competitive advantages suggestions how to develop strong brands have not been analyzed in previous studies. This extended version of their work includes strategies on building strong Korean brands and extends the framework by making analysis of educational curriculum and the role of supported industries such as exhibitions and showrooms as well, as these variables were missed in previous study. Channels through which Korean fashion companies could promote its fashion products and improve country's national image is further incorporated into the unit of analysis at separate section of the analysis of culture.

Culture, consumer behavior and country's image factors analysis are completely separate fields of studies and have always been examined separately and not included into analysis of the industry as whole. Even though consumer behavior analysis could be included into demand part of GDD, as analysis of culture and consumer behavior are completely different fields of study with its specific models that is why it is examined separately from t GDD's determinant of demand part. This study includes different fields of studies such as overall international competitiveness using GDD, evaluation of consumer behavior, country's national image and branding based on cultural heritage demonstrating examples of famous Japanese designers thus making analysis in a broader

context. Having reviewed extensive literature no studies which incorporate all these fields into one to assess competitiveness have been found. Thus this work is unique in the sense that it integrates all these separate fields of studies. In this regard, an attempt to identify implications for Korean companies in understanding cultural differences has been made.

As analysis of the Korean apparel industry is examined in a broad context, the culture aspect is just a part of the analysis, this thesis is not aimed to concentrate specifically only on this aspect by doing interview with local Koreans to fully understand cultural behavior pattern as it's hard to cover all issues in one study. Thus existing literature review related specifically to cross-cultural differences has been examined and based on this literature review future directions for companies in improving their competitive advantage have been suggested.

III. MARKET OVERVIEW

3.1. Current Status of Korean Apparel Industry

The number of textile and clothing companies in Korea totals 5,923 accounting for 10.2% of the total number of manufacturers as of 2009. In addition, the number of employed personnel in the textile and apparel industry has reached 172,654 accounting for 7.0% of the total employed population in the nation's manufacturing sector (Korean Federation of Textiles Industries, 2011).

The apparel sector has played a significant role in the economic development of Korea since 1960. During 1960s, Korea was considered an important and profitable sourcing destination for apparel manufacturing to take advantage of abundant, high- quality labor at low cost. By the 1970s, the overall export of textiles and apparel products exceeded 30% of all national export (Jung and Lee, 2010). During the 1980s, the Korean T&A industry slowly started losing its competitiveness over that of other developing countries. The import value of Korean T&A stood at US\$ 9.9 billion in 2010, accounting for 2.3% of total imports and representing a 34% increase over 2009 year. Since 1995, imports of textile and clothing have been sharply increasing (Korea Federation of Textile Industries, 2011).

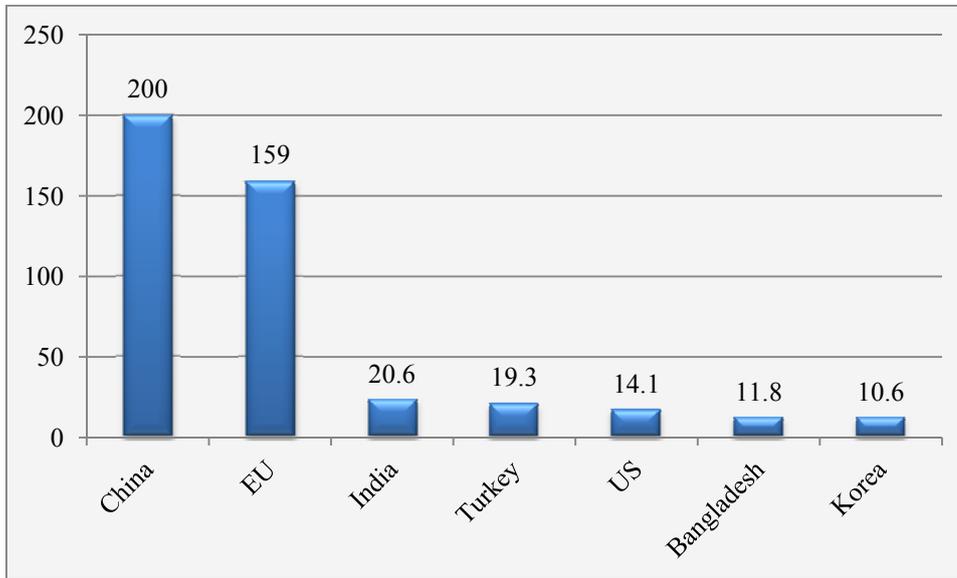
Table 1. Export-import performance, US\$ million, %

year	1995	2000	2005	2010
export	18.656 (6.8)	18.783 (7.8)	13.946 (-8.2)	13.899 (19.5)
import	5.124 (25.2)	4.788 (23.3)	6.765 (6.4)	9.924 (34)

Source: Korea International Trade Association (2010)

With the import increase the number of foreign brands entering the domestic market has been increasing from 28.8% in 1999 to 42% in 2008 while the number of domestic brands has significantly shrank from 71.2% in 1995 to 58% in 2008 (Swedish Trade Council, 2008). In 2009, the Korean textile and clothing industry enjoyed a global market share of 2.0%, ranking seventh in the world following after China (37.8%), the EU (30.1%), India (3.9%), Turkey (3.6%), United States (2.7%), and Bangladesh (2.2%). In the US\$ 527 billion global market, Korea's share was US\$ 10.6 billion compared with US\$ 200 billion for China, US\$ 159 billion for the EU, India (20.6%), Turkey (19.3%), United States (14.1%), and Bangladesh (11.8%).

Figure 1. Global market share of the textile and clothing industry by country, US\$ billion, 2011



Source: Korean Federation of Textile Industries (2011)

Women's wear is the largest segment of the apparel retail industry in South Korea, representing 48% of the industry's total value. The men's wear segment accounts for a further 38.9% of the industry. Sales of women's wear proved the most lucrative for the South Korean apparel retail industry in 2009, with total revenues of US\$ 7,286.2 million. In comparison, sales of men's wear generated revenues of US\$ 5,908.2 million in 2009, equating to 38.9% of the industry's total revenues.

Table 2. South Korea retail industry segmentation, % share by value

Category	Share
Women's wear	48.0
Men's wear	38.9
Children's wear	13.1
Total	100

Source: Datamonitor (2010)

For the last 25 years, Korean apparel industry has experienced dramatic changes with the rapid embrace by consumers of foreign fashions, wider variety of apparel in the marketplace and evolving marketing channels. Since 1988, the South Korean government started its program in the opening of the domestic market to foreign trade. The first stage of the program, which began in 1989, included the relaxation of regulations on the establishment of foreign companies' subsidiaries and FDI. The second stage of the opening policy, from 1991 through 1992, allowed foreign retailers to open no more than 10 stores, with each at a maximum size of 1,000 m². The limitations on the number and size of foreign companies, retail outlets were further relaxed in the third stage of the program, beginning in 1993 (Sternquist and Jin, 1998). Due to this market liberalization program foreign retailers could enter South Korea on their own, or with a South Korean partner, thus restrictive regulations that for decades kept most retail outlets under the control of South Korean owners have been abolished. This liberalization of the retail sector was part of a general liberalization to allow foreign investors to participate in South Korean markets, since that time foreign retailers have greater access to the South Korean market.

As a result, Korea has seen an emergence of new distribution channels such as fashion outlets and discount stores which were not in existence before the 1997-1998 Asian financial crisis. A lot of local distributors, licenses and retailers are keen to import international fashion products from Italy, France, the US and the UK (UK Trade and Investment, 2009).

3.3. Retail Structure in Korea

Department stores

Department stores represent 26.4% of Korea's retail industry. There were 104 department stores operating in Korea in 2001 with average sales mark-ups ranging from 30-38%. Department stores are mainly concentrating on selling high-class brand apparel, while discount stores selling basics clothing such as socks, underwear, shirts, and neckties. Since the economic crisis of 1997, department stores are competing with each other to acquire world-class brands for high-end shoppers. Hence, imported clothing continues to dominate the domestic high-priced apparel market.

Specialty fashion shops

There are about 85 different specialty fashion shops in Korea. Now manufacturers who used to depend on their own agency networks trying to operate fashion-specialty stores to sell not only their own brands but other brands as well.

Discount-specialty stores/Outlets

Discount stores represent approximately 5% of the Korean distribution market. The total size of this is around US\$ 365 billion, and is growing about 30% per year. There are currently about 220 discount stores operating in Korea. These stores offer specific apparel lines at relatively low prices.

Domestic shopping districts

This type of retailing comprises 73.9% of the Korean distribution market which includes apparel and other goods. The apparel industry in these domestic shopping districts has been slowdown during the economic crisis but has been slowly recovering since 1999. After the financial crisis in 1997, the Korean fashion industry has gone through restructuring and shopping districts located in Dongdaemun and other areas have undergone development; the market for imported clothing has expanded; while the market for domestic brands has declined. This restructuring has brought significant changes to Korean apparel industry, whereas inexpensive apparel market has been representing Korea's fashion industry while Korea's expensive, luxurious, domestic apparel market is dominated by foreign, high-quality, brand apparel. Thus Korean fashion industry is represented by two different segments: inexpensive apparel market mainly driven by Korean companies and premium, high market mainly represented by foreign companies and brands.

3.3. Market Situation of Fast Fashion Brands in Korea

Since the liberalization policy which started in 1997 and broke the barriers to entry for entering market, Korea domestic fashion market has become the arena of severe competition with the brands imported from abroad. Number of global fast fashion brands is rapidly increasing, which makes Korea second largest import apparel market in Asia after Japan, while local brand is declining (Swedish Trade Council, 2008).

The launching of ZARA in 2008 made the SPA boom in Korea, since then global SPA brands has been encroaching the Korean fashion market with stunning speed (The Chosunilbo, 2011). Having solid capital, brand power and reasonable costs these global SPA brands are quickly changing the shape of the Korean apparel distribution industry. They represent a threat to the Korean apparel industry through aggressive marketing, larger networks and stronger storefront presence. Uniqlo managed to post daily sales of KRW 650 million in only three stores through “+J”, collaboration line with Jill Sander, to become a new powerhouse in the Korean casual apparel market. The company is planning to create a 100-store system with 45 distribution points in 2012; ZARA accelerates its volume expansion by increasing the number of its stores. Gap plans to expand the brand’s distribution beyond the Shinsegae chain of department stores into other distribution points operated by outside companies. The American fast fashion Forever21 opened its online shopping mall, and is looking to win business from customers in regional provinces through a joint initiative with the online shopping mall 11th St. In addition, Uniqlo also opened its online flagship store with Lotte.com. and also plans to expand the brand’s share of sales online to KRW 40 billion , or 10% of its total sales (Korea Joongang Daily, 2012).

At the same time as mentioned earlier, while the imports continue to increase export of apparel products has decreased resulting in trade deficit, while the export of other Asian countries such as China, Vietnam, and Indonesia has increased dramatically each year due to their low labor cost compared to Korea (Korean Trade Association of Textiles and Industries, 2010). As the industry sector develops, their competitive advantages should be changed accordingly (Porter, 1990). Besides increasing competition in domestic market leave no other choice for Korea apparel companies but to come up with new strategies to stay competitive in this changing environment.

IV. THEORETICAL FRAMEWORK:

GENERALIZED DOUBLE DIAMOND MODEL

In order to make an analysis why a nation gains the competitive advantage in particular industries, Porter (1990) conducted a four year study of ten important trading nations and developed diamond model of national competitive advantage. He determined that there are four main determinants of national competitiveness which consist of factor conditions, demand conditions, firm strategy, structure and rivalry, and related and supporting industries. He also emphasized on the importance of the role of government and chance on the success of a particular industry within a country

The determinant of factor conditions includes not only the labor supply and infrastructure of a country, but how effectively these factors are used within the country. Porter stated that “the factor conditions that are most vital to productivity growth are not inherited but are created within a nation” (Porter, 1998:74). The determinant of demand conditions refers to the nature of home-market demand for an industry’s product or service. Nations gain competitive advantage in industries where the home demand gives their companies a clearer picture of emerging buying need and where demanding buyer’s pressure make companies to innovate faster and achieve more sophisticated competitive advantages than their foreign rivals.

The third broad determinant of national advantage is the presence in the nation of related and supporting industries that are internationally competitive. Internationally competitive home-based suppliers create advantages in downstream industries in several

ways. First, they deliver the most cost-effective inputs in an efficient, early, rapid and sometimes preferential way. National success in an industry is particularly likely if the nation has competitive advantage in a number of related industries.

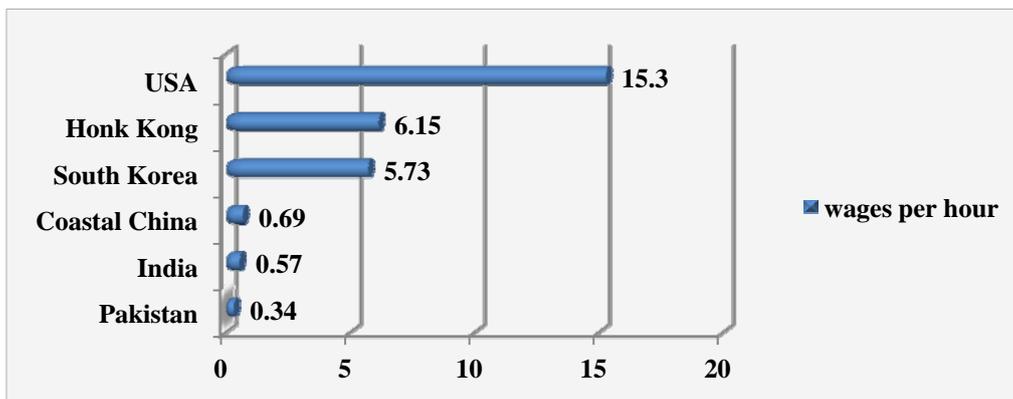
The determinant of firm, strategy, structure and rivalry is the conditions in the nation governing how companies are created, organized and managed, and the nature of domestic rivalry. This means that the competitive advantage can come from within the company such as the work-ethic of the employees and by the way company is operated, also strong domestic rivalry forces companies to innovate and continuously improve their products, which also makes the industry more competitive internationally. Moon et al. (1998) extended the original Porter's diamond model into GDD model with resources and markets not just in a domestic context, but also in a global context. In this model, sustainable value-added in a specific country may result from both domestically owned and foreign owned firms.

Moon et al.'s (1998) GDD approach was used in this work to evaluate competitiveness. This model is unique in the sense that previous studies regard only one side of the competitiveness, and make analysis focusing on one part only. This model nicely incorporates all variables and also takes into consideration very important factor of competitiveness as internationalization, thus in one model all the existing studies can be integrated all together so to have a more comprehensive and useful analytical tool to make any analysis.

4.1. Factor Conditions

Traditional theories mainly emphasize on basic factor conditions such as availability of cheap labor and countries specialize in exporting of those products in which they have relative abundance in comparison with other countries thus exporting labor-intensive products such as apparel items. However, today Korea cannot compete on these basic factors alone as Korean wages are higher than those of other developing countries.

Figure 2. Labor cost of countries



Source: India Brand Equity Foundation Report (2008)

As Korea can no longer rely on cost as an effective strategy thus creation of advanced factors such a superior talent in apparel industry, creative designers and entrepreneurs and managers may help to boost Korea's apparel industry competitiveness. There are 173 fashion related professional schools in Korea, which produce about 10,000 persons annually. But quality matters not quantity (Won, 2005). To be competitive in a global market, cultivation of these human resources, superior talent and global leaders as

well as creating environment in which the talent can be cultivated and exert ability to their fullest is a necessary condition. Thus Kang and Jin (2006) have found that successful Korean apparel firms were able to stay competitive because of their entrepreneur's features such as social networks, entrepreneur attitude toward innovative technology, investment, and R&D, international orientation as well as specific product knowledge and know-how contributed to company's growth.

As GDD emphasizes on the role of internationalization, it should be stressed that the entrepreneurs features such as international orientation is important determinant of the firm's success. In the study, the firm's with high growth rate was the one whose entrepreneurs had excellent foreign language skills through study abroad or work experiences. Thus, sending Korean students abroad to gain international experience may serve as an important factor to stay competitive.

To create environment to nurture these talents, Academic Industrial Partnership Education programs are needed to produce synergic effects. Globalization of the T&A industries can be further advanced through comprehensive understanding of the global market (Rhee, 2008). Clothing and Textile education must incorporate issues that are important in today's fashion business such as increasing competitive power, globalization of product development and retailing.

But despite the fact and understanding that international education is important, Korean curriculums still have some problems in providing necessary knowledge to today's needs. To analyze international components in the apparel curricula, curriculum suggested by Korean four year colleges related to fashion industry have been analyzed in this current

work. The results showed, that most of the colleges suggest courses related to Fashion Design: history and costume, fabric and materials for apparel, dress aesthetics; Human Body and Clothing Construction: tailoring, techniques for garments; Textile Science: advance textile finishing, dyeing, fabric and textile; and only some courses suggest courses in fashion business related to fashion consumer behavior, fashion merchandising and marketing.

Table 3. Courses suggested by Korean four year colleges related to fashion industry

<p>Fashion Design: history, costume, fabric and materials for apparel, dress aesthetics</p>	<p>Human Body and Clothing Construction: tailoring, techniques for garments</p>
<p>Courses</p>	
<p>Textile Science: advance textile finishing, dyeing, fabric and textile</p>	<p>Few courses related to fashion consumer behaviour, fashion merchandising and marketing</p>

Having analyzed the curriculum it was noted that there are no departments which offer international courses. Korean T&A industries are relatively weak in marketing and retailing but strong in producing (Rhee, 2008). Thus there is a need to hire international experts from abroad who are specializing in these fields who will help to incorporate these issues in today's Korea Clothing and Textile education. The government and related institutions should build on programs that allow companies and individual talents to learn from abroad.

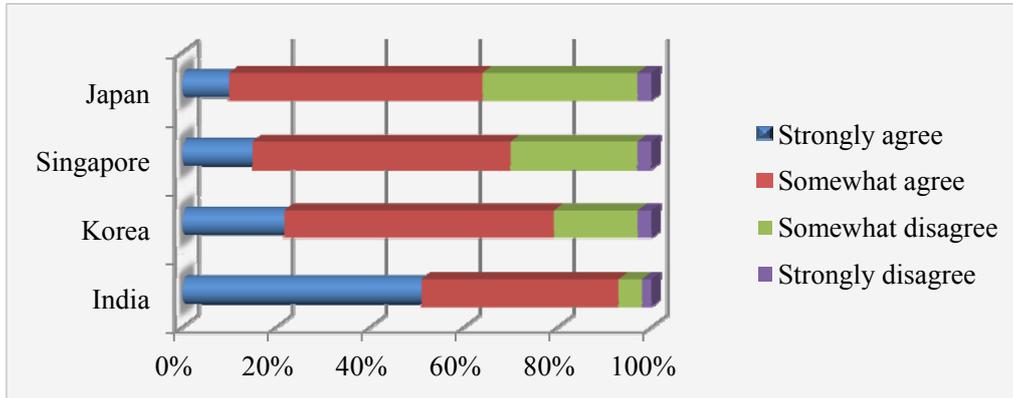
4.2. Demand Conditions

Korean consumers are very demanding. They have tendency towards fashion consciousness and they are very brand savvy (UK Trade and Investment, 2009). Consumers are becoming more conscious with respect to green activities, non toxic and environmentally friendly consumer goods. Recent market researchers report identifies a new population segment, the LOHAS or those with lifestyle of health and sustainability. Consumers opt for products which pose no threat to themselves or the environment (Korea Textile Trade Association, 2010). Thus rising interest in health and wellness has created a boom in the development of healthful textile materials and production processes. Wellness is the lifestyle and culture defined by the enjoyment of fulfilling life through health and harmony. People practicing this lifestyle consume products which are environmentally friendly.

In Korea, melamine crisis has increased awareness of environmental protection not only in food products but in a wide array of other common products. This boom has led to increasing numbers of people who describe themselves as ecotarians (Korea Textile Trade Association, 2010). Development of new textile technologies and textile technology convergence will create new industries and markets for smart apparel, wearable computers, i-fashion and other new and innovative areas. Products focusing on green growth will be in high demand as awareness of environmental issues and global warming continue to rise. The potential development of these areas into global leaders may be done through convergence of Korea's world leading Information Technologies (IT) with relevant

industries. Thus, embracing on this rising consumer trend and developing eco-friendly products can become a source of competitive advantage.

Figure 3. Survey on possibility of purchasing eco- friendly products



Source: Swedish Trade Council (2008)

Thus the results of international survey have shown that consumers are ready to pay 10% more for eco-friendly products and Korea was ranked second after India for willingness to buy these kinds of products. If these pressures on decreasing of impact on the environment continue to raise, those firms who want to have long-term success should find finding innovative ways to reduce their environmental impact through more efficient use of resources, the creation of more environmentally-friendly alternatives, improved technologies, recycling and effective knowledge management to allow the incorporation of innovation into their operations. These activities will help individual company to better position itself and bolster company's competitive advantage.

Another trend in Korean apparel market is increasing demand for sports and outdoor wear. Since 2001, outdoor wear has maintained a high growth rate of over 20% on

annual average, the market shares of outdoor brands launched in the past few years are expanding sharply. Thus the segment receives more attention than any other type of clothing.

As outdoor wear also is expanding its business scope to the fields of cycling, travel and water sports, its growth is projected to continue well into the future. With consumer lifestyles changing, and increasing higher standards of living, it appears that trends of outdoor styles to other types of clothing like women's suits, women's casual wear, etc. are likely to prevail (Korea Federation of Textiles Industries, 2012).

Thus taking into consideration recent trends there are opportunities for Korean companies as Korean consumers are ready for a variety of casual and outdoor brands. Korean firms may concentrate on this niche strategy as it has been identified in the study of Parrish, Cassill and Oxenham (2006) that a niche strategy has resulted in increased profits and market share and has made firms more competitive because they are focused on particular needs of the consumer. Niche strategy can help to differentiate from the competition through feature and brand image. By focusing on customer, the firm is able to respond faster to demand changes. Understanding the market needs and providing a product to fulfill that need is important factor of being successful.

Exploration of these new market trend and concentration on developing high-value added textiles to be able to produce "smart clothing" may differentiate Korean companies from its competitors. As Korea has signed FTA with the USA which is a world leader in industrial textiles for the medical, aerospace and other high-tech industries, this will lead to strategic technological partnerships between advanced American companies and Korean

firms with production capabilities thus resulting in boosting the establishment of high value-added products in Korea. This development of sophisticated production technology and infrastructure, will lead to expansion of exports of industrial textiles to China and other markets in. Now, the development of “smart clothing” is still in its infant stage around the world. The world market is expected to increase from US\$ 200 million in 2008 to US\$ 7 billion in 2014. With aggressive development, Korea is forecasted to take a 20% of the world market in this field (Korea Textile Trade Association, 2010).

4.3. Firm Strategy, Structure and Rivalry

As it was already studied in existing literature, agility serves a competitive advantage of firms which try to maximize their profits. However, Jun and Brookshire (2010) have found foreign manufacturing cluster in Korean apparel industry. Korean apparel companies started to move manufacturing operations to low-cost labor abundant countries to maintain price competitiveness. In the study of Cho and Lee (2006) it was also found that the most important factor of foreign market entry of Korean fashion firms was price competitiveness and many firms were engaged in both production and sales mainly in Southeast Asia. However, as some studies showed, using global sourcing strategy may have negative impact on flexibility and speed of response to volatile market demand, which is considered to be important competitive strategy.

In today’s globalized world, many successful companies used combination of global and domestic sourcing together. This concept can be compared to lean retailing and agile supply chain approach. As lean production response through cost reduction

facilitating price competition to expand market share, this strategy may be related to global sourcing. While agility is response to the ever-changing requirements of sophisticated consumers and products under constantly changing competitive and success factors, in this turbulent environment agile supply chain manufacturing needed to be used. While the purpose of global sourcing go beyond cost savings , as previous studies have shown that Korean fashion firms have been mainly been using sourcing strategy for achieving cost advantage, it may hurt ability of the firms to rapidly respond to unstable market demands. Global sourcing can reduce the production cost, but cannot simultaneously ensure agility (Jin, 2004). To solve this problem firms may combine both global and domestic sourcing strategies. For a company to identify whether to choose lean or agile approach it should take into consideration several factors.

The fashion market is characterized by short product life cycle, high volatility, and low predictability. Fisher (2000) identifies fashion products into functional with predictable demand and innovative with unpredictable demand. For innovative products reducing lead-time is crucial. Functional products require physically efficient process. For innovative products the economic gains from reducing stocks and inventory level is so great that firms should concentrate on increasing market responsiveness. These innovative products can be sourced domestically to increase responsiveness, those products that have predictable demand can be sourced domestically in order to gain cost competitiveness.

There are general basic items which regarded as low fashion, and medium, high fashion products. High fashion goods require short run production, quick time delivery and response to trends. Thus for this type of clothing agile supply chain can be used. The

driving force for basic products which have relatively long life cycles and low demand uncertainty is the cost reduction (Intaher, 2010). Combination of both strategies enables cost effectiveness of the upstream chain and high service levels in a volatile marketplace in the downstream chain (Agarwal, Shankar, and Tiwari, 2006). As it has been already identified that time is important part for achieving competitive advantage, that it would be sensible to make a trade-off. Global sourcing may be used for products where demand is relatively stable and predictable and variety is low. However, it should be noted that it is not suggested that companies should have 50% of agile and 50% of lean sourcing strategy. Rather it is stated that some supply chain may need to be lean for part and the rest of the agility.

Korean companies could not give up sourcing domestically even though it is more expensive in comparison to global domestic sourcing. Thus optimal mix of these strategies may ensure cost effectiveness and agility to meet retailer's needs on a timely basis. However, agility cannot be achieved without implementation of information technologies. Those Korean firms located in near Dongdaemun fashion cluster have been able to achieve quick response without the help of enabling quick response technologies because players look after supply chain under own umbrella and work closely with other suppliers. However, as it has been mentioned that companies need to concentrate on high-value added apparel, thus for such innovative fashion products technology implementation is needed to improve supply chain management.

Agility requires more than just productivity but integrated channel through which firms should do business together and share information. Improvement in management of

both strategies allows companies to fully enjoy the benefits. Thus as agile supply chain requires implementation of high technology and most importantly information sharing, establishment of the platform where all the buyers and suppliers could share information considered to be a significant factor.

It should be noted that organizational structure of the firm plays an important role in perceiving the innovation benefits of the new technologies of agile supply chain. Thus it was noted by previous studies that Korean companies need to change their mindset and organizational structure. In the study of Cho, Kim and Lee (2006) it was found that the lack of cooperative mind is the key reason for the lack of collaboration and the intensified competition among the manufactures and the lack of information sharing systems is the key reasons for the lack of collaboration between supplies and buyers, respectively.

However, as previous studies indicate that information such as market data and information sharing between business in the supply chain, the visibility of information is important part of agile supply chain management, Korean companies need to change their mindset and structure and truly realize the benefits of sharing information about product development and marketing as it plays a critical role in improving performances in both upstream and downstream players of the supply chain (Kulp, Lee, and Ofek, 2004). Also domestic firms need to form partnerships with retailers to ensure continuous orders this in this way share the losses together both retailers and firms reduce the level of inventory as domestic sourcing firms have the high level of inventory.

Successful apparel companies as have realized the benefits of combination of both strategies. Thus, in their study Bruce and Daly (2004) indicated that UK companies have

started to apply this strategy. Thus in UK, company which produced high street fashion products, managed its manufacturing activities by producing overseas to take advantage of cost and met short lead times with a UK based production facility.

Table 4. Characteristics of offshore and onshore pipelines

Strategy	Pipeline characteristics
Lean (offshore) primarily cost	Cost, high volume, stable demand, functional products, limited variation in demand, basic products
Agile (onshore) differentiation	Availability is market winner, low volume, unpredictable demand, short lead time, variety of products, innovative products, small complex styles

Table 4 describes the characteristics of offshore and onshore supply management pipelines. To decide how to balance the combinations of the both strategies, companies need to take into consideration these specified pipeline characteristics to optimize performance and maintain agility at the same time. Mixture of these strategies along with strategic alliances will allow Korean apparel firms to stand firm against import competition.

4.4. Related and Supporting Industries

In regard to this determinant, Korea has Dongdaemun fashion market which can serve as a good example of agglomeration effect. Dongdaemun Market is a concentration of 27,700 stores in 32 building. It is consists of three areas: the traditional market, the modern East Commercial District and the New West Commercial District. The Traditional Market is composed of 19 wholesale markets with 15,200 individual stores that were mainly

established before 1990. The Traditional Market makes up approximately 55% of the total market in terms of the number of individual stores. The traditional market serves as the central source of raw and subsidiary materials for apparel manufactures in Dongdaemun as well as in nearby Namdaemun and other small and medium companies. It also sells apparel as well as materials. Merchants offer variety of inexpensive clothing.

The modern East Commercial District has nine shopping centers with 5,000 stores targeting various age groups but generally concentrating on formal and casual wear for customers in their teens and 20's. Market concentrates on its fast fashion formula offering different styles reflecting last fashion trends to meet consumer needs. However, despite of the quick fashion formula which Dongdaemun specializes in, companies face competition with newly entered Korean market fast fashion foreign brands.

The clothes in Dongdaemun fashion market are cheap and reflect the latest fashion. However, as foreign companies advance to Korean market the competition between newly entered foreign companies may be intensified in the domestic market. The main differences between these foreign brands and those at Dongdaemun maybe brand itself. While these "fast fashion" brands have a brand name and run systematically by large companies, Dongdaemun is still run by small independent shops. People have a tendency to prefer brands over non branded products, thus consumers naturally head to these stores rather than to Dongdaemun as both are in the same price range (The Korea Times, 2010). Thus Kim, Ji Won a student stated:

"I definitely prefer Forever 21 or H&M to Dongdaemun. For the same price, I can get better and prettier clothes and they have brand power. It is kind of embarrassing to

not wear a brand nowadays, for all my friends are wearing a brand, whether it is cheap or not”(The Korea Times, 2010).

Thus Dongdaemun would have to improve and move forward if it does not want to be dominated by foreign enterprises. Besides they might Dongdaemun market may encounter fierce competition with new Korean SPA brands run by big companies such as Kolon, SK and E- Land (Choo, Jung, and Chung, 2009). Despite of its competitive advantages in fast fashion Dongdaemun gives an impression, that the entire Korean fashion industry is a specialist in this quick fashion casual wear, thus despite the fact that industry has made efforts to move to higher fashion segment in promoting its market image abroad. To improve and sustain competitiveness the joint effort of two different segments of the fashion industry would help the Dongdaemun market and Korean fashion industry as a whole to sustain competitiveness (Azuma, 2000).

The companies in Dongdaemun are family owned business and they do not have neither office space nor head office but they work on designing and planning at home. To be competitive, Dongdaemun market needs to be transformed into the world's fashion Mecca and concentrate on international market as well as, the companies have been mainly focusing on domestic market (personal interview with a researcher of Science and Technology Policy Institute).

Yoon, Heon-deok, professor at Soongsil University, conducted a study of Dongdaemun's potential to become a fashion center. He came to the conclusion that market has a potential however clothing factories once located around Dongdaemun are quickly declining. The advantage of Dongdaemun lies in a good distribution and procurement

infrastructure, but a poor production infrastructure. To bolster its manufacturing side, the city need to build an apartment type-factory that could hold many manufactures (Korea Joongang Daily, 2008). As Dongdaemun area consists mainly of small fashion retailers, efforts should be done to foster brand powerhouse out of these SME players. The series of fashion collaboration may be developed into wider scope of fashion creation , since East Asia is projected to account for 60% of the world's total production of apparel merchandise and to register another 40% of the another international market in the near future.

Redeveloping of area may be performed through establishing of advancing education and establishing of Fashion Design Schools and Institutions inside of the Dongdaemun area as it was in the case of the Garment District in New York which is also a cluster of local retailers and manufactures at the same place and mainly run by small to medium sized enterprises which is similar to Korean case. Establishment of Pratt Institute and Parsons School of Design and Fashion Institute of Technology within the territory ensured a supply of skilled labor for expanding industry (Rantisi, 2001). Buying offices, showrooms, forecasting services and two major design schools in the city and array of other legal, financial and supply repair services all concentrated in one area. Design schools in New York serve as the initial training background for most Garment District designers and as important local institutions for shared industry knowledge and practices.

There is a strong industry academy links which are reinforced via internships and guest lectures by industry heads and then 45% of these fashion design graduates go on to the work for the companies which they had had internships (Rantisi, 2001). There are also local forecasting institutions and fashion journals like Women's wear daily which allow

designers to consult them for the last trends and monitor the completion and document what is feasible for specific market segments.

The same may be done in case of Korea. In Dongdaemun, there are Seoul Fashion Center and Dongdaemun Information Center to provide information and consultation and support to designers and foreign buyers. However, the formation of fashion related institutions and schools within the industry which cultivate talents for the industry and ensure job afterwards thus providing continuous supply of skilled labor can be established and improved. In New York Garment Industry trade publications such as Women's wear daily serve as important source of market information that designers consult. This journal is a primary source for apparel manufacturers, suppliers, retailers and fashion related organizations. In the study of Rantisi (2001) it was stated that all of the designers and key industry actors interviewed regularly consulted the journal. In the case of Korea, creation of trade journal which will provide information for designers telling the most updated fashion trends and market information and serve as additional channel linking industry professionals may boost country's competitiveness in apparel industry.

The availability of show-rooms in the country also serve as a related and supporting industry as these show-rooms represent channels which contact buyer from overseas countries. Thus in Sweden, textile industries operate 1,500 optimum-sized show-rooms, at the Textile and Mode Center which is connected to the fashion Exhibit held in Zurich. One of the main competitive advantages of Italian fashion industry is the role of Trade and Manufacturing Associations that support firms in many ways. These associations support their fashion enterprise members giving them assistance with participating in

fashion collections and trade fairs and provide financial support, information and education regarding fashion fairs. There are now 758 showrooms in Milan which remains the largest in the world. They are open permanently, all year round.

In Korea there are 30 Korean fashion-related associations listed in the Korea federation of textiles Industries and on major fashion sites; 8 are directly related to fashion, 18 are fiber and textile associations, and 4 are research institutes. However, among the 30 associations, only 12 have an English-version internet site, which implies a lack of globalization (Kim and Lee, 2008). There are 279 overseas exhibitions; only 21 Korean group booths were created for these exhibitions. Individual fashion firms participated in only 123 exhibits.

Table 5. World fashion exhibits and Korean firm's participation

Products		Apparel & Accessories			Textile Fabrics			Footwear			Leather, Furs		
Countries		total	A	B	total	A	B	total	A	B	total	A	B
North America	United States	41	5	16	11	5	8	9	-	6	8	-	5
	Canada	4	-	2	-	-	-	-	-	-	2	-	2
	total	45	5	18	11	5	8	9	-	6	10	-	7
South America	Mexico	3	-	1	1	-	1	2	-	-	-	-	-
	Others	3	-	1	2	-	1	-	-	-	1	-	-
	total	6	-	1	3	-	2	2	-	-	1	-	-
Europe	England	5	-	-	2	-	-	1	-	-	-	-	-
	Italy	3	-	-	2	-	-	1	-	-	1	-	1
	France	7	1	5	6	4	6	-	-	-	-	-	-
	others	25	1	3	24	1	9	14	1	2	19	-	13
	total	40	2	8	34	5	15	16	1	2	20	-	14
Asia	Japan	5	-	5	1	-	-	-	-	-	-	-	-
	China	6	-	4	11	1	9	4	-	2	9	-	6
	Hong Kong	5	1	3	2	1	1	2	-	1	2	-	1
	others	5	-	2	19	-	10	5	-	4	4	-	4
	total	21	1	14	33	2	20	11	-	7	15	-	11
Oceania	New Zealand	2	-	-	-	-	-	-	-	-	-	-	-
Grand total		114	8	31	81	12	45	38	1	15	46	0	32

A: Number of Separate Korean booths built

B: Number of Korean individual firm's that built booths

Number of exhibitions held overseas for fashion and related textiles are collapsed by regions

Source: Kim and Lee (2008)

The fact that Korean companies did not participate much in overseas exhibitions signifies the lack of globalization. If Korean companies want to promote their products and advance to the world market, participation in international exhibitions is also considered to be an important factor for this purpose. Korean companies need to go to global fashion centers during buying seasons and develop channels to introduce merchandise to global buyers (Kim and Lee, 2008).

Technological partnerships with other advanced countries as United States, Italy and France, Japan, Taiwan as well as such countries as China and India should be strengthened. China is a mass market that can bring enormous added value to Korea due to

geographical proximity. Successful partnerships with China could be highly beneficial to Korea, as well as to businesses in if it tackled in a right way. Combination and supplement of the software of Japan and Korea (design and technology) and the production capability of China will provide a leading role in the fashion industry (Won, 2005). Partnerships with these countries will allow Korea upgrade its manufacturing skills and creative expertise of the Korean fashion industry in the bridge to high fashion segment.

4.5. Role of Government

Also Porter (1990) emphasized on the role of the government in transmitting and amplifying the forces of the diamond. Government policies that succeed are those that create an environment in which companies can gain competitive advantage and play role as a catalyst and a challenger. Governments play role in supporting national competitiveness, encouraging change, promoting domestic rivalry and stimulating innovation.

In this sense, Korean government has played a significant role in Korea's national competitiveness. The government export policy began in the early 1969s, during the period of industrialization, and the textile and apparel industries have benefited significantly. Thus in 1979 a law was issued to provide for the establishment of a Textile Modernization Fund which provided preferential financial arrangements and import protection. The government provided US\$ 118 million to the textile industry for modernizing facility renovation and approximately US\$ 412 million for development of fashion innovation; the Textile Technology promotion Center was created to provide technical training programs in the use of high-tech automatic equipment. However, despite

of the fact that Korea textile industry ranks among the worlds' 10 largest in terms of export volume, modernization in its spinning, dyeing and finishing sectors outperforms modernization in its weaving sector (Wong and Chan, 1993). My interview held with Hyongjoo Kim who is currently working for Science and Technology Policy Institute, may serve as a confirmation of this fact. She stated that those small manufacturing firms which are clustered near Dongdaemun still have old-outdated machines. Future competitiveness will depend upon raising the level of technologies and continuing to modernize facilities to develop new textile products as it is necessary factor for developing value-added clothing and Korean government may play a major role in helping companies to modernize their facilities.

In today's reality, Korean government also plays pro-active role in boosting fashion industry. Thus it initiated measures to encourage the fashion industry, especially emphasizing the promotion of Korean brand recognition in the international market. In July 2000, The Seoul Metropolitan Government (SMG) founded the Seoul Fashion Design center aimed specifically at elevating Dongdaemun and Namdaemun into international fashion markets by providing information, marketing, networking and educational support to fashion businesses. SMG co-sponsored Seoul Fashion Week which is an event held every year and features fashion exhibitions and shows.

However, more can be done to internationalize Korean fashion brands as some Korean fashion designers complain that despite of the government efforts to promote fashion industry by hosting fashion events, lack of financing can be an obstacle for promoting Korean designers abroad (Arirang News, 2011). Thus for designers to have a

collection show overseas at least 100 to 150 million won needed, so in a year, at least 300 million won required to host such a collection show abroad. Also in an interview to a Korean newspaper Arirang one designer stated:

“I sometimes feel government sponsorship is not adequate when compared to designers abroad. Although I know we are getting more support and benefits compared to the past, it would be better if the benefits can be more efficiently distributed to the designers seeking to go global.”

Thus Korean government should give individual support to designers which is considered to be not sufficient enough. However, most important part lies in not government unwillingness to support fashion industry but in the way this support is distributed. Thus many government organizations including the Culture Ministry, the Ministry of Knowledge Economy, SMG and Daegu Metropolitan City have projects to propel Korean fashion industry but the problem is that they are doing so without taking into consideration each other's projects, often leading to overlapping investments thus leading to insufficient resource allocation. Park, Choon-Moo, a designer who participated in the first season, said she was disappointed and did not apply for the second one. Thus Kim, Cheol-woong, chairman of Seoul Fashion Association stated:

“If we put together all of the budget the government organizations use to promote fashion, it will probably add up to over 10 billion won. But they are all overlapping investment, so we do not even know what they are spent on.”

Lee, Gyeong-Ho head of the Ministry of Knowledge Economy's Textile, Apparel and Consumer Division, pointed out that the ministry hosted an exhibition on Korea textile

and fashion in New York and after a week from that exhibition the culture ministry hold “Concept Korea” project at the same city (Korea Herald, 2011).

The example shows lack of cooperation between different division and ministries. These one-time and unstable projects are inefficient thus there is a need for long term plan with the linkage and collaboration with these divisions. As a designer Yoong-Jun pointed out that there is a need in a policy that enables government to support designers when they need it, while following their plans for their business overseas. Only with strong support from the government in the fields of technology development, infrastructure and marketing for a retake of toward the world’s 4th biggest textile and fashion power Korea will be able to stand as a strong textile and fashion country in the global market (Korea Federation of Textiles Industries, 2012). More efforts should be made for Dongdaemun reconstruction as this area in the future may be very competitive with transformation and renovation but this can be done only with the help of Korean government as big resources need to be poured into the area.

V. CULTURAL ASPECT FOR ENHANCING COMPETITIVENESS

In this section understanding cultural aspect as the way to enhance competitiveness in apparel industry will be further examined. As it has been mentioned above some existing literature indicates that local companies may have competitive advantage as they better reflect local consumer needs (Watchraversingkan et al., 2010). However, in this literature there was no evaluation of consumer behavior as the way to better respond to consumer needs. It is important to note that despite of the global consumer culture influenced by media and consumer mobility, existing of global culture does not indicate that consumers hold the same values and tastes across countries Thus cross-national understanding of consumer behavior related to clothing purchasing is important in developing effective marketing strategies.

In this section, the main focus will be made on understanding Korean consumer behavior while purchasing apparel products as useful insights for Korean companies to grasp local consumer needs and stay competitive as opposed to foreign brands need to be derived. When examining cross-cultural differences it is important to understand contrasting views such as individualism and collectivism. That is why the notion of culture as well captured by Hofstede (1983) model and his dimensions are used for the analysis.

His newly proposed model consists of four dimensions: Individualism vs. Collectivism; Large or Small Power Distance; Strong or Weak Uncertainty Avoidance and Masculinity vs. Femininity. In this study only two of the cultural dimensions of his model

such as Individualism-Collectivism and Uncertainty Avoidance will be used in this work as they considered to be important in case of Korea.

He concluded that in collectivist societies, the ties between societies are very loose. Everybody is supposed to look after his or her own self-interest and maybe the interest of his or her intermediate family. In such societies, individuals have much amount of freedom. In contrast, in collectivist societies the ties between individuals are very tight. Everybody is supposed to look after the interest of his or her in-group and to have no other opinions and beliefs than the opinions in their in-groups. In exchange, the group will protect them when they are in trouble. Both societies are integrated wholes but the individualist society is loosely integrated, and the Collectivist is tightly integrated.

The next dimension is Uncertainty Avoidance. Hofstede characterized societies into two groups: low and high level of Uncertainty Avoidance. In low Uncertainty Avoidance societies, people are more willing to take risks and they will not work hard. They are relatively tolerant of behavior and opinions different from their own because they do not feel threatened by them, in these societies people feel relatively secure. In high uncertainty avoidance countries people do not take risk as easily, they always feel threatened and insecure.

5.1. Individualism vs. Collectivism

According to Hofstede, Korea belong to a group of countries which are considered to be collectivistic. Hofstede assigns a score of 18 to Korea, indicating a high degree of collectivism and low degree of individualism. In this society self is inseparable from others

and social context , thus people are more likely to rely on others for their purchase decision and rely on reference groups for making judgments about consumer products. In other words people in collectivist societies seek for social approval of products, because of interconnectedness with each other, especially for highly visible products to others such as fashion products (Jung and Sung, 2008).

In collectivistic societies consumers tend to use brand names to express how they are similar to members of their in group because they value interdependence and conformity. Thus Korean consumers use a brand name as a symbol to show their solidarity with one another, and prefer well known foreign brands to local brands.

Hung (2006) in his study investigating strategies of European and Taiwanese fashion marketing pointed out that being collectivistic society, Taiwan has family and society oriented culture, thus social status and recognition is the key success to this culture. (Jung and Sung, 2008). In the same way it may be concluded that image, social status and prestige are success factors in Korean culture as well. Thus it finds its confirmation in previous studies which have been done in the field of understanding consumer behavior. Thus it was found that Korean consumers tend to be prestige oriented and reluctant to buy unknown or less prestigious products (Yu, 1996). South Korea consumers prefer to buy products that are approved by friends, colleges and relatives; such cultural traits influence their motives when selecting items (DeLong, Koh, Nelson, and Ingvolstad, 1998).

For Koreans, prestige of the brand was found to be an important and in Lee and Workman (2009) study. The study found that in an Asian collectivist culture, the brand consciousness was an important factor to keep up with one's status. The store image

attributes may be powerful tool to attract customers and give sense of prestige. Chen-Yu, Hong, and Seock (2010) found that Korean adolescent clothing motive and store selection criteria were mainly related to higher image expression. They indicated on product variety/price and customer service store image to be important store attributes. This group liked to be regarded as well-dressed and expressing image and beauty was important to them.

Also some other studies Kim, Knight, and Pelton (2009) found that the prestigious image had an indirect effect on purchase intention by increasing consumer's perceived value of the brand. Thus emphasis on prestigious image plays an important role in making consumer feel good or giving them pleasure, which lead to building strong relationships with consumers in Korea. Brand was important because it suggested familiarity; the primary concern with brand was prior knowledge and perception of fit (DeLong, LaBat, Nelson, Koh, and Kim, 2002)

5.2. High Uncertainty Avoidance

Korea is also a society of strong uncertainty avoidance. In Hofstede (1983) Korea was ranked 16th out of the 53 nations surveyed. In such societies there is a need to control the environment, events and situations. Yoo and Donthu (2002) found that perceived quality had a great impact on brand formation of brand equity process in Korea. Thus Koreans have to physically sense the products quality to give the credit to the brand name. In such societies product performance such as product quality and product demonstration is an effective tool to attract Korean consumers.

Evaluative criteria such as price or quality appeared to be most important factors in determining their Korean consumer attitudes and intention to buy either domestic or imported products (Chung and Pysarchik, 2000). Appearances have been shown to affect consumer's apparel product evaluation and willingness to buy. Consumer's perception of overall quality was strongly affected by perceptions of physical quality and design. Consumers relied on perceptions of physical quality and design to judge the overall quality (Chung and Pysarchik, 2000).

Perceived physical cues strongly influenced perception of value among Korean participants. That is Korean consumers appeared to rely more on intrinsic product cues as opposed to price in assessing the value of garment. Korean consumers' appeared to evaluate the value of an apparel product by comparing physical quality and design to price acceptability. Perceived design also significantly contributed to purchasing decision. Thus Korean consumers appear to use intrinsic cues (physical quality and design) in forming evaluative perception and purchase intentions (Forsythe, Kim, and Petee, 1999). However other studies also emphasize on price as the most important cue to select products. Korean now started to demand high value for their money. As a country of high uncertainty avoidance, Korea consumers are less reluctant to take risks. When consumer encounters risk in purchase they rely on price/ quality association (Jin and Sternquist, 2003).

It has already been emphasized on the importance of brand prestige for Korean consumers. However, it is important to note that there is interdependence between high quality and prestigious image for building image as in processing brand perceptions among Gen Y Korean consumers (subgroup of this consumer group colleges students aged from

19 to 25) perceived a brand to be of high quality also as prestigious, reliable and reputable. (Jin and Sternquist, 2003)

5.3. Implications for Korean companies

Based on the extensive literature which has been reviewed some directions and conclusions for Korean companies have been drawn to gain competitive advantage. As existing studies showed, that being highly collectivistic society, Korean consumers are very vulnerable to prestige and social status recognition. They need highly estimate brand products as the way to show solidarity with other group members. Thus Korean companies need to work more on establishing strong brand names which give significant value to Korean consumers. As prestige and appeared to be an important factor in evaluating purchasing behavior, Korean companies need to develop apparel products that can expose high prestige but at the same time provide affordable prices as brand loyal customers were more likely than non loyal customers to feel time pressure for shopping, more willing to shop for economic shopping options (Oh and Fiorito, 2002).

As image expression also appeared to be important evaluating criteria, companies need to offer products which can help express consumers their image and at the same time not to stand out in a crowd as collectivist societies characterized by group interconnectedness. Avant-garde styles and styles which emphasize on the art of design will not be popular in Korean culture. As price/variety and store image were found to be significant attributes in store selection criteria, Korean companies need to offer diverse styles which can better fit Korean consumers body shapes. Concentration on improving

store label can be a significant tool to give consumers sense of high social status and wealth. And project prestigious and elegant image. Korean companies can learn from these newly entered fast fashion brands. Thus ZARA and H&M keep an image of luxury, with affordable prices. Zara layouts resemble of those of upper scales stores. Even though the products are cheap, consumers buy them at luxury setting thus they do not feel as they buy cheap products. Thus in the strategies of these brands psychological aspect is also involved (Tokatli, 2008).

To reduce risk of uncertainty avoidance Korean companies need to emphasize more on upgrading quality of the products as perceived quality was found to have great impact on brand equity. However, it should be noted that not only quality but physical appearances of the products design should be emphasized while developing apparel products as Korean consumers need to physically sense products to give credit to brand names. Despite of the fact that Koreans value more intrinsic cues (physical aspect of the products), extrinsic cue such as price also affect purchase intention for an apparel product in Korean case. Thus combination of improving product quality and design while offering affordable prices are efficient tools to win over Korean consumers. Based on the existing studies following model is being suggested.

Figure 4. Model for Korean companies to gain competitiveness

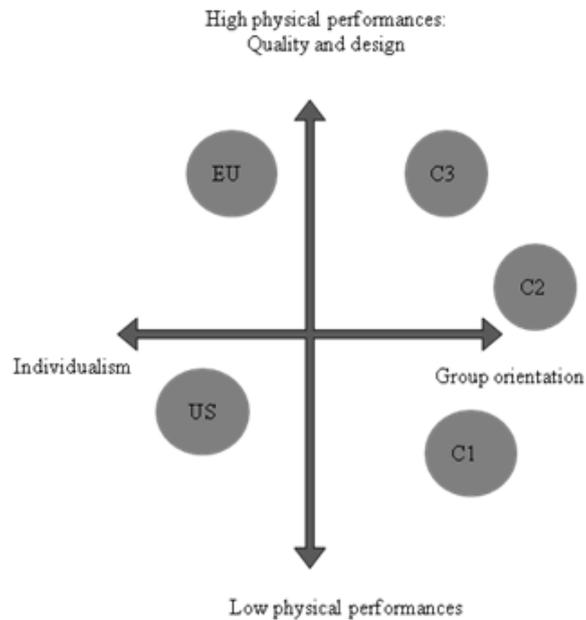


Figure 4 demonstrates a model Korean companies could utilize to boost competitiveness. Presented model shows that Korean companies need to move forward in upgrading physical appearances of the products such as quality and design. As shown in the picture, some companies are placed far away from the quality and design scale. These companies represent those Korean firms that located in Dongdaemun Cluster which are characterized as low quality apparel products. Those in that group need to move forward to the upper part of the scale as they have competitive advantage in quick response formula but weak in quality. Those which are in the middle part, mainly represent big Korean conglomerates like Kolon, Cheil Industries, and LG fashion group. They need to develop new strategies based on agility supply chain, continue to create their own “fast fashion” brands and move higher to the scale of upgrading quality. As higher segment of fashion

industry is normally dominated by foreign brands, after gaining more experience in developing own design, Korea should take a position of ODM manufacturer and move to the higher (luxurious) segment of the apparel industry.

As Korean consumers need to physically sense the quality of the products as High Uncertainty Avoidance society, there is a need for establishment sort of exhibitions or art galleries where consumers could see products on display to give them credibility.

VI. CREATION OF GLOBAL BRANDS

6.1. Enhancing Korea's National Image

In this section, the way Korean fashion companies could further improve and create global brands through enhancing Korea's national image will be further discussed as country's image is an important factor not only in terms of country's overall competitiveness but also in global marketing (Medvedev, Lee, and Choi, 2010). In the early stages of a fashion business entering into a foreign market, a positive country image maybe used for future benefits to companies in product development and marketing strategies. Since the entry of fashion Korean fashion brands into the overseas market is still in its early stages, the role of country image could be particularly important among those factors that affect the globalization of Asian fashions since country image can influence the consumer's buying decision through the halo effect (Han, 1989; Johansson, 1989).

It has been reported that country image as an external cue could be an important informational factor in the evaluation of fashion products in the early phases of a brand's global expansion (Ahmed and d'Astous, 2004; DeLong et al., 2002). Country image may exert a significant influence on product evaluation when there is little or no additional information on the product. However, the effect of country image may also differ with each category of goods which means that the influence of country image can be greater in some kinds of goods compared to other kinds (Han, 1990). As this thesis related to competitiveness of apparel industry so the scope of current study is limited to the effects of country image at the level of fashion products.

According to some studies evaluation of Korean products overseas in general is not too favorable and thus Korean companies have to find a way to find and refute this negative country of origin image. Country of origin maybe one of brand's major associations and this has been shown as a crucial product attribute used by consumers in evaluating product and product quality. Researchers have shown that only few Korean fashion brands or designer names are recognized in major fashion centers, such as the US, France, the United Kingdom and Italy (Lee, Medvedev, Hunt-Hurst, and Choi, 2008). No Korean fashion brands or fashion designers were noted among fashion professionals in the UK, indicating the low visibility of the Korean fashion industry.

The low visibility of Korean fashion industry means consumer have little prior knowledge about fashion products from Korea signifying that country image may exert a significant influence on product evaluation when there is little additional information on it. Various factors may influence country image, such as the country's political, economic, and cultural profiles. Thus improving national image through culture can have a positive influence on other factors that make up national image as a whole (Lee, 2011).

The media and entertainment industry are important elements that shape people's perceptions of a specific place (Kotler and Gertner, 2002). Media is one way to increase awareness of the fashion products and knowledge about Korea. Studies showed that among Asian countries, Korea received less coverage in the USA fashion media signifying not much is known in Western countries about Korea and its culture (Choi, Medvedev, and Hunt-Hurst, 2009).

Hallyu wave increased popularity of Korean culture around the world. According to Korea International Trade Association, a survey conducted on 1,173 people from Japan, China, Taiwan and Vietnam, revealed that 80% of the respondents said that the Korean wave has affected their buying of South Korean goods. Three out of four foreign consumers said they bought Korean products after they were exposed to Hallyu. Of the bought products number for clothing and fashion accessories reached 17.0% and 9.9% each. Thus the Korean wave improved the nation's cultural image that had a halo effect that may change propel perception of Korea's political, economic and social images. Thus the promotion of Korean culture at large can help Korean fashion brands make inroads into the international market. By gauging the level of popularity in each country, local companies can make better use of Korean cultural contents to enter and expand their existing market presence (KITA, 2012).

As media, internet are important elements that shape people's perception of a particular country and specific place, Korean companies need to effectively use the Internet based channels such as Youtube, social networking services to promote their products. The internet is becoming one of the most important channels for fashion retailers, with global internet clothing and footwear sales predicted to post a current value CAGR of 9% over 2010-2015 (Euromonitor International, 2010).

One of the influential channels to give visibility to Korean related fashion products and brands is using blogs. Fashion blogs enable reach a much wider consumer base and target people who may not have otherwise had an interest in or been aware of their brand. Clever retailers are engaging bloggers through inviting them to press evenings alongside

celebrities and other important fashion industry individuals. As consumer opinions about products are very important as they shape people perception about products engaging with bloggers is a clever way of connecting with consumers and provoking discussion about fashion brands.

Korea's entertainment industry has been doing its part to enhance Korea's image in Japan, China, and Southeast Asia. However it should be noted that Hallyu has mostly regional character. Further attempts could be made to enlarge the scope of the phenomena's success. At the present time there is no any visible attempt to systematically link the Korean wave with the promotion of Korean fashion brands abroad. There is a room for improvement in this sphere. Efforts should be done to promote Korean national image.

Korean government installed a special organization like Presidential Council on Nation Branding (PCNB). Although policies by the government to improve Korea's brand are distinctive and effective in many respects, they have failed to give ordinary citizens a role in nation branding. For example, the PCNB is not well known; 71.7% of students surveyed at Yonsei University replied that they have never heard of the organization (The Yonsei Annals, 2010). It also has been emphasized on the importance of Korean people having pride in their own tradition and culture before aiming at the globalization. Hwang, Pyung-Woo head of Korea Cultural Heritage Policy Research Institute says that while students have been pushed to achieve good grades in school, education on Korean history or culture has been relatively deficient.

“It is hard to expect university students who do not have the passion and pride in Korean values to actively promote Korea. There should be more investment in developing

the humanities and cultural education. That way, students could cultivate basic insight into what is right and wrong, leading to a true nation brand that wells up from within.”

Korean fashion industry is strongly associated with the textiles sector and that the perceptions of the industry depend on the performance of this sector. Making sure that a continuous coverage of Korean fiber and fabrics companies is being kept in the mass media will contribute to the positive evaluation of the Korean fashion industry (Lee, Medvedev, Hunt-Hurst, and Choi, 2008). As country's image has been identified a significant competitive tool for global competitiveness, enhancing Korea's country image through culture can be one of the elements to increase awareness and visibility of Korea.

5.2. Creating Unique Design Style

As it has been already mentioned above that focus on intangible asset such as brands creation is important in the fashion industry, this section will be mainly devoted to how Korean fashion industry could build strong brands focusing on cultural branding heritage which can function as differentiation tool that can never be emulated by others (Urde, 2007). Cultural heritage branding means the brand with value proposition based on cultural heritage (Ko and Lee, 2011). Fashion in Korea is diverse, but Korea has not yet established a set aesthetic or image for itself like American sportswear or chic French fashion (Park, 2011). Korean popular culture is now getting worldwide attention thus improving national image and contributing to country's economy improving industry competitiveness and knowledge about culture, which can benefit in its turn Korean fashion brands as it produces significant effect on spreading Asian culture and fashion products and can help Korean

companies to expand successfully in global market. Thus it is necessary to find the elements for developing and promoting Korean fashion.

To express meaning and heritage of brands, use of symbols considered to be is one of the important components which can be found in logos and designs (Urde, 2007). In the fashion industry, design is the most visible and material indicator for consumer, the creativity and originality of a fashion's brands can be effectively derived from cultural archetype. As it has been emphasized that Korean companies need to concentrate on value added activities, thus increasing value added through promotion and creation of unique Korean style may help to enhance global competitiveness.

Today, only creative and originative designs can survive as viable strategies in the era of unlimited competition becoming a growth engine for the next-generation (Korea Federation of Textiles and Industries, 2011). Western countries such as Italy, France, the UK, and the US have been the dominant forces in fashion industry. However, in the studies it was found that the role of Korea in the Western fashion business was insignificant in comparison to other Asian countries such as China and Japan. These countries managed to successfully capitalize on their traditional cultural traits items to strengthen their fashion image in Western markets; however Korea has been less successful in utilizing its traditional items to create an easily identifiable image (Choi et al., 2009). In their study participants took part in the survey where they were asked to discuss about their knowledge of Korea, China and Japan in general, as well as of fashion products from these countries it was found that respondents identified specific associations with Chinese and Japanese

fashions, but displayed limited depth of knowledge of Korean fashion (Medvedev et al., 2010).

In the study of Lee, Kim, Seock, and Cho (2009) authors found out that Northeast Asian design showed the second highest correlation with liking and purchase intention for apparel products such as T-shirts, leather goods and accessories. Those respondents who believed that the t-shirts contained a design unique to Northeastern Asia or a design created by a famous company or craftsman of Northeastern Asia were more likely to like the product and more likely to intend to purchase the product. The results indicated that those respondents that have been familiar with Northeastern culture and those who strongly thought that the product reflected Northeast Asian design and craftsmanship tended to be more strongly inclined to purchase Korean fashion cultural products, thus those consumers perceived added value to the products which had an element of cultural authenticity which may lead them to perceive a culturally based design (Lee et al., 2008).

Popularity of Hallyu may have significant positive effect on acceptance of Korean culture related products as it was shown that familiarity with culture tend to increase purchase intention for products containing cultural content. The same may be confirmed in the study of Medvedev et al. (2010) which found out that participants of the survey formed favorable opinions of Korean influenced designs which shows that design elements representing particular culture affect product evaluation in a positive way positively to Korean-influenced designs. Thus it may be concluded that incorporation of cultural elements into design which serves as visible element of the product may differentiate Korean companies and give them competitive advantage.

Lee et al. (2008) concluded that Northeast Asian design contributed to favorable purchase intentions even for those whom who are from Northeast Asia (Koreans and Chinese) indicating that fashion cultural products may have success and targeted not only at those from other cultures. Korean consumers may positively react to the designs with the elements of its own culture like Hanbok or Hanji paper which also may serve as environmentally friendly material. With the growth of concerns about environment sustainability, eco-friendly clothes are in great demand which has been mentioned previously thus it also may benefit Korean companies as the more environmental issues arise, the more eco-products people require and Hanji has three sustainable aspects as it is paper, durable and heat insulation (Kyoung, 2010).

Branding heritage based on culture content can be better understood further with the examination of world famous Japanese designers which use this concept in their designs. Japanese designers are used as their fashion designs are renowned for its juxtaposed expressions of the traditional and high-tech elements (Ferine and Azuma, 2004). The most outstanding features began to turn up from Japanese leading designers. The most well-known and successful Japanese designers in the West are Kenzo, Rei Kawakubo, Issey Miyake, Yohji Yamamoto, and Hanae Mori (Kawamura, 2004). Japanese fashion could draw huge global attraction mainly due to the exoticism. In the current thesis, design elements of two famous Japanese designers such as Issey Miyake and Yohji Yamamoto will be examined as they are one of the most prominent Japanese fashion designers who gained international recognition presenting their collections in Paris and Milan fashion capitals.

Issey Miyake exerted an incorporation of Japanese elements and details with modern, irregular and futuristic styles through his brand (Ko and Lee, 2011). In his designs he uses such Japanese elements as Japanese craftsmanship, fabric or kimono. He does not use the kimono itself but merely borrows its attributes of ease, adaptability and respect for the fabric and the patterns and shapes in space with it can create when the body moves. He constantly pushes both the tradition and the evolution of design. He initiated “East Meets West Philosophy” further with the development of technologies and new fabrics he made his designs which incorporated traditional handcrafts using newest technology.

While making innovative improvements to the cutting-edge synthetic technologies of the time and incorporating them into his pieces, Miyake also visited historic production regions and excavated traditional techniques, such as dyeing and weaving. He forged ahead with his work, bringing traditional methods back to life to respond to the demands of the times (Issey Miyake website). He regards his own cultural heritage as a source for creativity. He put an emphasis on modifying tradition with modern technology. With having Japanese elements embodied in the core design philosophy, he sublimes the tradition into creativity and innovation and the heritage is successfully internalized and transformed into modern creativity (Ko and Lee, 2009)

Figure 5. Issey Miyake ready-to-wear Spring/Fall 2011 collection



Source: style.com

Figure 5 demonstrates the examples of how Issey uses Japanese cultural motifs and artisan traditions like Japanese dyeing techniques and infuses it with futuristic technology to make clothes. He finds those elements of Japanese culture and heritage and borrows attributes inherent to his culture like origami motifs which is the traditional Japanese art of paper folding, and incorporates it in his collections. It should be noted that designer uses different aspects of his own culture and finds those elements which represent it and then integrates them in his designs. So Korean fashion designers and companies should also find and use those elements of their own culture to become more appealing and outstanding among other competitors.

Another famous Japanese designer is Yohji Yamamoto. He is also famous for his appropriation of historical Western fashion types, and his revitalization of traditional

Japanese garment forms and fabric techniques. His influences are varied from traditional indigenous Japanese clothing. He sees his original look emerging from punk but it was also based on the kimono and his desire “to give the kimono shape a new energy.” Yamamoto combines traditional Japanese garment influences such as the kimono and the obi, with modernist ready-to-wear Western fashion. At early stage of his career in Spring-Summer 1995 collection, he used an ancient Japanese art of dying fabric to turn kimono-inspired dresses into exotic flowing gowns (Art Gallery of Western Australia, 2007).

He is notable for his relentless use of black, a color traditionally associated in Japanese culture with the farmer and the spirit of the samurai. His designs certainly embody elements of Japanese aesthetics, such as wabi-sabi, the adherence to imperfection his cuts are often asymmetrical and his edges occasionally unfinished He insists on working with local artisans only (The Guardian, 2011). Designer also made collaboration with Adidas claiming that his Japanese heritage and Adidas’ German roots make them such a successful pairing (Vogue website, 2011).

On these successful examples of famous Japanese designers we could see how they made inroads to the international arena and could gain recognition of their brands. However it should be noted that the crucial fact of these brands success is combination of its cultural heritage, symbols and meaning representing their culture with modernism and design elements. In order to export and commoditize culture, it needs to be alive, and only the tradition coexists with modernity, can it be globalized. Cultural heritage is an issue of cherishing the past in connection with the current situations (Korea Federation of Textiles Industries, 2010). Thus crucial element in building brands based on cultural heritage is

incorporation of universal Western fashion trends with special traditional features of Korean culture for new creative and originative designs. For Korea, and particularly Korean companies and fashion designers to be successful there is a need to depart from reckless imitations of Western designs and create something Korean. Despite the increment of the importance of heritage and tradition, consuming them must be reinterpreted and processed in modern context to a certain extent. In globalizing Korean culture, integrating modernity and tradition is very important and the companies and designers should find the right balance in order to internalize its culture into modernity. Thus in the study of Medvedev et al. (2010) it was concluded that when the perceptions about Asian culture such as roots in Oriental thinking are successfully infused with a Western color palette, materials and silhouette in the global fashion business, Asian styles are universally adopted.

With increased global and domestic competition though advancement of foreign fashion brands building novel identity get challenging just as any other business areas. Thus for Korean brands to be successful this approach can be used as differentiation marketing tool to expand globally and be competitive in domestic market as well as a brand infused with a heritage can attain marketing leverage, especially in global markets (Stewart-Allen, 2002).

Therefore marketers and managers of Korean companies should make efforts to emphasize on the Korean cultural heritage such as some elements inherent specifically to Korean culture as well craftsmanship and traditional materials taking examples of Japanese designers which used cultural elements from Japanese traditional clothing such as kimono, adopted traditional fabrics and preserved traditional techniques and craftsmanship. Infusion

of these elements with modern styles and innovative technologies may help companies promote their products and make them more appealing and attractive for customers.

VI. CONCLUSION

This study identifies competitive advantages and leverages to enhance the performance of Korea apparel industry and suggest future directions in sustaining competitive position. In comparison to previous studies, the current work is specializing not only at macro level, making analysis of the industry as a whole, but micro level as well.

Culture analysis, country's image and branding based on cultural heritage which is recent phenomenon are completely separate fields of studies and are always examined separately and not included into analysis of assessing competitiveness. Besides as there have been only few studies related to specific Korean case, this study contributes to the existing literature and integrates different fields of studies such as overall international competitiveness using GDD model, cross-cultural studies for evaluation of consumer behavior, country's national image and heritage branding altogether making analysis in a broader and more comprehensive context. For analysis of overall competitiveness the same model was used as in work of Jin and Moon (2006). However, the framework was extended incorporating new variables and more detailed description of identified advantages, the way they can be further enhanced.

This thesis elicits following findings and leverages through which competitiveness of Korean apparel industry may be further boosted. At industry level analysis, it was found that cultivation of superior talents such as entrepreneurs and managers as well who are equipped with managerial, technical skills to be able to lead the future of the industry; creation of an environment where these talents can be nurtured considered to be significant but were missed in previous study. This can be done through enhancing curriculum in

courses related to apparel industry as it has been identified that there are no any international courses in curriculum. Sending entrepreneurs abroad where they can gain valuable international experience, through travels may help companies who want to survive in the competitive environment as lack of international orientation may be pivotal reason for not succeeding and extending business activities.

In this thesis the importance of government support has been stressed as it has been identified that redeveloping of Dongdaemun fashion market into fashion Mecca may play an important role in gaining competitiveness. Redeveloping of area may be performed through establishing of advancing education and Fashion Design Schools and Institutions inside of the Dongdaemun area as it was in case of Garment District in New York which is also a cluster of local manufacturers and retailers. The establishment of such institutions inside of the area will provide constant supply of skilled labor and also allow talents to get a job after graduation. The establishment of buying offices, showrooms, forecasting services and two major design schools within the area and as well other legal, financial and supply repair services concentrated in one area which provide constant flow of information cannot be done without sufficient government support and finances. Role of internationalization has been strongly emphasized through participation in overseas exhibitions as it was found that Korean companies lack of globalization as only few companies participate in fashion related exhibitions abroad.

New consumer trends such as increasing trend of environmentally friendly products and popularity of outdoor wear have been indentified in this study. Thus companies need to embrace these current needs and some may concentrate on the niche

strategy as outdoor and casual wear have been sharply increasing in Korea due to changing consumer lifestyles and increasing standards of living.

By making analysis of Korean consumers' behavior, more managerial implications can be drawn for enhancing competitiveness at company level. Such characteristic social status, recognition, image, orientation on prestige were identified to be success factors in Korean culture. Establishing strong brand names which give significant value to Korean consumers may serve as a powerful tool. Korean companies may embrace on these needs through developing apparel products that can expose high prestige and status which can be done through concentration on improvement of store label to give sense of high prestige and status but at reasonable price as brand loyal consumers willing to shop for economic shopping options (Oh and Fiorito, 2002).

This combination of good quality, design and affordable price may help Korean companies to capture Korean consumers' attention. It should be noted that current study suggested strategies not only for Korean firms as whole but it also gave directions to those SMEs located in Dongdaemun and big conglomerates, thus it has even segmented domestic firms into two groups and took into consideration their particular issues.

Combination of both offshore and domestic sourcing strategies has been also identified as important source of competitive advantage. As combination of both strategies enables cost effectiveness of the upstream chain and high service levels in a volatile market place in the downstream chain. Concentration on a certain niche strategy such as outdoor and casual wear as it results in increased profits and market share.

As country's image has been identified a significant competitive tool for global competitiveness, enhancing Korea's country image through culture can be one of the elements to increase awareness and visibility of Korea. Popularity of Korean Wave abroad creates bridge for Korean fashion companies to enter international market. As there is no there is no any visible attempt to systematically link the Korean wave with the promotion of Korean fashion brands abroad. More efforts should be done in this field. Using different channels such as internet, blogs, magazines and Youtube channel as well linkage of fashion industry with successful Korean wave were proposed as a way to improve Korea's country s image as a whole and a give more visibility to Korean fashion.

In comparison to previous study of Jin and Moon (2006) this thesis attempted to propose strategies on building and creation of strong Asian brands as it was missed in the previous work. It was suggested that building and developing of strong fashion brands should be based on Korea's cultural heritage taking the examples of famous Japanese fashion designers. This can be done through combination of own traditional Korean traits and motifs for example, Korean Hanji material or Hanbok motifs, along with combination with ,modern western styles it with modernity and up to date innovation which serves as differentiation strategy which cannot be emulated. Thus efforts by marketers of Korean textiles and apparel related products to utilize Korean cultural traits and elements to connect their products with the culture results in a greater number of purchases Lee et al. (2008). Thus by applying strategies proposed in this thesis, Korea has all the chances to become world's fashion Mecca along with such countries as Italy, England, USA and France.

REFERENCES

- Abernathy, F.H. and Volpe, A. 2006. The future of the apparel and textile industries: prospects and choices for public and private sectors. *Environment and Planning A*, 38: 2207-2232.
- Agarwal, A., Shankar, R., and Tiwari, M. K. 2006. Modeling the metrics of lean, agile and leagile supply chain: An ANP-based approach. *European Journal of Operational Research*, 173: 211-225.
- Ahmed, S.A. and d'Astous, A. 2004. Perceptions of countries as producers of consumer goods: A T-shirt study in China. *Journal of Fashion Marketing and Management*, 8(2): 187-200.
- Arirang News, 2011. *Korea's Fashion Industry Through Seoul Fashion Week 2011*. <http://www.arirang.co.kr>. Accessed 1 April 2012.
- Art Gallery of Western Australia. 2007. Radical-Elegance Yohji Yamamoto Garments in Australian Collections . <http://www.artgallerywa.gov.au>. Accessed 8 June 2012.
- Azuma, N. 2002. Pronto moda Tokyo style emergence of collection-free street fashion in Tokyo and the Seoul-Tokyo fashion collection. *International Journal of Retail and Distribution Management*, 30(3): 137-144.
- Babbie, E. 2004. *The Practice of Social Research*, Tenth Edition. Belmont California: Thomson/Wadsworth learning.
- Bruce, M. and Daly, L. 2004. Lean or agile: A solution for supply chain management in the textiles and clothing industry? *International Journal of Operations and Production Management*, 24(2): 151-170.
- Chen-Yu, J. H., Hong, K. H., and Seock, Y. K. 2010. Adolescent's clothing motives and store selection criteria: A comparison between South Korea and the United States. *Journal of Fashion Marketing and Management*, 14(1): 127-144.
- Cho, S. E., Kim, H. S., and Lee, J. S. 2006. A Study on Operations Strategy and Competitiveness in the Korean Silk Industry. *Journal of the Korean society of Clothing and Textiles*, 30(3): 425-435.
- Cho, Y. J. and Lee, Y. 2006. Influential Factors of Foreign Market Entry of Korean Fashion Firms. *Journal of the Korean Society of Clothing and Textiles*, 30(12): 1768-1777.

- Choi, Y. J., Medvedev, K., and Hunt-Hurst, P. 2009. How China, Japan and Korea are perceived by Vogue USA in the last 10 years. *International Journal of Fashion Design, Technology and Education*, 2(1): 3-11.
- Choo, H. J., Jung, J. W., and Chung, I. H. 2009. Buyer-supplier relationship in Dongdaemun fashion market: relationship quality model. *Journal of Fashion Marketing and Management*, 13(4): 481-500.
- Christopher, M., Lowson, R., and Peck, H. 2004. Creating agile supply chain in the fashion industry. *International Journal of Retail and Distribution Management*, 32(8): 367-368.
- Chung, J. E. and Pysarchik, D. T. 2000. A model of behavioral intention to buy domestic versus imported products in a Confucian culture, *Marketing Intelligence and Planning*, 18(5): 281-291.
- Datamonitor. 2010. Industry profile: Apparel Retail in South Korea. <http://www.datamonitor.com>. Accessed 25 May 2011.
- DeLong, M., Koh, A., Nelson, N., and Ingvolstad, A. 1998. Jeans a perception of Meaning of in Korean and the United States, *Clothing and Textiles Research Journal*, 16: 116.
- DeLong, M., LaBat, K., Nelson, N., Koh, A., and Kim, Y. 2002. Global products, global markets: Jeans in Korea and the United States. *Clothing and Textiles Research Journal*, 20(4): 238-245.
- Dey, I. 1993. *Qualitative data analysis: user friendly guide for social scientists*. London and NewYork : Routledge.
- Dicken, P. and Hassler, M. 2000. Organizing the Indonesian clothing industry in the global economy: the role of business networks. *Environment and Planning*, 3:263-280.
- Easterby-Smith, M., Thorpe, R., and Lowe, A. 2002. *Management research: An introduction*. London: SAGE Publications Ltd.
- Euromonitor International. 2010. <http://www.euromonitor.com>. Accessed 15 May 2012.
- Fernie, J. and Azuma, N. 2004. The changing nature of Japanese fashion: Can quick response improve supply chain efficiency? *European Journal of Marketing*, 38 (7): 790 – 808.
- Fisher, M. L. 2000. What is the right supply chain for your products? In Baldwin. C., Clash, K.B., Margretta, J., Dyer, J.H., Fisher, M. and Fites. D.V. (Eds), *Harvard*

Business Review on Managing the Value Chain, Boston, MA : Harvard Business School Press.

- Forsythe, S., Kim, J.O., and Petee, T. 1999. Product cue usage in two Asian markets: A cross-cultural comparison. *Asia Pacific Journal of Management*, 16: 275-292.
- Gereffi, G. 1999. International trade and industrial upgrading in the apparel commodity chain. *Journal of International Economics*, 48: 37-70.
- Gereffi, G. 2002. The International Competitiveness of Asian Economics in the Apparel Commodity Chain. ERD Working Paper No.5, Economics and Research Department, February 2002, Manila, Philippines. Asian Development Bank.
- Gibbon, P. 2001. Upgrading Primary Production: A Global Commodity Chain Approach. *World Development*, 29(2): 345-363.
- Han, C. M. 1989. Country image: halo or summary construct? *Journal of Marketing Research*, (26): 22-9.
- Han, C. M. 1990. Testing the Role of Country Image in Consumer Choice Behaviour. *European Journal of Marketing*, 24 (6):24-40.
- Harrison, A., Christopher, M., and Van Hoek, R.1999. Creating the agile supply chain, School of Management Working Paper, Cranfield University, Cranfield.
- Hiebeler, R., Kelly, T., and Kettman, C. 1998. *Best practices Building Your Business with Customer - focused solutions*. New York: Simon and Shuster/Arthur Andersen.
- Hofstede, G. 1983. The Cultural Relativity of Organizational Practices and Theories. *Journal of International Business Studies*, 14(2): 75-89.
- Hollingsworth, J. R., Schmitter, P. C., and Streeck, W. 1994. *Governing Capitalist Economies: Performance and Control of Economies Sectors*. New York: Oxford University press.
- Hung, S. 2006. Play in fashion: bridging China to the west with a look at Taiwan fashion branding. *Journal of Fashion Marketing and Management*, 10(4):1361-2026.
- India and Brand Equity Foundation. 2007. Textiles and Apparel Textiles and Apparel: Market and Opportunities. <http://www.ibef.org>. Accessed 4 April 2011.
- Intaher, M. 2010. Agile Supply Chain: Strategy for Competitive Advantage, *Journal of Global Strategic Management*.

- Issey Miyake. The concepts and works of Issey Miyake. <http://www.isseymiyake.com>. Accessed 10 June 2012.
- Jin, B. and Sternquist, B. 2003. The influence of retail environment on price perceptions: An explanatory study of US and Korean students. *International Marketing Review*, 20(6): 643-660.
- Jin, D. 2004. Achieving an optimal global versus domestic sourcing balance under demand uncertainty. *International Journal of Operations and Management*, 24(12): 1292-1305.
- Jin, B. and Moon, H. C. 2006. Diamond approach to the competitiveness of Korea's apparel industry: Michael Porter and beyond. *Journal of Fashion Marketing and Management*, 10 (2): 195-208.
- Johansson, J. K. 1989. Determinants and effects of the use 'made in' labels. *International Marketing Review*, 25(4): 423-440.
- Jung, E. and Lee, Y. 2010. Korean Apparel Manufacturing Industry: Exploration from the Industry Life Cycle. *Clothing and Textile Research Journal*, 28(4): 279-294.
- Jung, J. and Sung, E. 2008. Consumer based brand equity: Comparisons among Americans and South Koreans in the USA and South Koreans in Korea. *Journal of Fashion Marketing and Management*, (12): 24-35.
- Kang, J. H. and Jin, B. 2006. Determinants of born global firm growth in apparel industry: A Korean case. *Journal of the Textile Institute*, 98(2): 137-146.
- Kawamura, Y. 2004. *The Japanese revolution in Paris fashion*. Oxford: Berg Publishers.
- Kim, E.Y., Knight, D. K., and Pelton, L. E. 2009. Modeling Brand Equity of a U.S. Apparel Brand as Perceived by Generation Y Consumers in the Emerging Korean Market. *Clothing and Textiles Research Journal*, 27(4): 247-258.
- Kim, Y. and Lee, J. H. 2008. A Proposal for a Global Market Entry Strategy into the Korean Apparel Industry based on the Italian Fashion Industry: Use of Foreign Exhibitions and Showrooms. *Journal of the Korean Society of Clothing and Textile*, 32(12): 1903-1914.
- Kirk, J. and Miller, M. 1986. *Reliability and validity in qualitative research*. London: Sage.
- Ko, E. and Lee, S. 2011. Cultural Heritage Fashion Branding in Asia, Arch G. Woodside, in (ed.) *Tourism Sense making: Strategies to Give Meaning to Experience Advances in Culture*, *Tourism and Hospitality Research*, 5: 88-109. Bingley: Emerald Group Publishing Limited.

- Korea Federation of Textiles Industries. 2010. <http://www.kofoti.or.kr>. Accessed 12 May 2010.
- Korea Federation of Textiles Industries. 2011. <http://www.kofoti.or.kr>. Accessed 14 November 2011.
- Korea Federation of Textiles Industries. 2012, *Korea Textile World*. <http://www.kofoti.or.kr>. Accessed 4 April 2012.
- Korea Herald, 2011. *Can "Concept Korea" bear fruit?* <http://www.koreaherald.com> . Accessed 14 March 2011.
- Korea International Trade Association. 2011. *Korean wave has impact on overseas products sales: poll*. <http://www.globalkita.net>. Accessed 5 June 2012.
- Korea Joongang Daily, 2008. *Clothes: Modern shops add to Dongdaemun appeal*. <http://www.korea Joongangdaily.joinmsn.com>. Accessed 24 June 2010.
- Korea Joongang Daily, 2012. *Fast fashion is catching on fast in Korea*. News analysis. <http://www.korea Joongangdaily.joinmsn.com>. Accessed 14 May 2012.
- Kotler, P. and Gertner, D. 2002. Country's brand, product and beyond: A place marketing and brand management perspective. *Journal of Brand Management*, 9: 249–261.
- Kulp, S., Lee, H., and Ofek, E. 2004. Manufacturer benefits from information integration with retail customers. *Management Science*, 50(4): 431-444
- Kyoung, E. 2010. Study on the Communication Strategy to increase the awareness of Fabric Hallyu in Swedish Market. Unpublished Master dissertation for the degree of Fashion Management.
- Lee, S. H. and Workman, J. E. 2009. Determinants of Korean Consumers' Brand Consciousness to Global Luxury Brands. ITAA Annual Proceedings at 66th Annual Conference of the International Textile and Apparel Association, 28-31 October, Washington, USA.
- Lee, S. J. 2011. The Korean wave-the Seoul of Asia. *The Elon Journal of Undergraduate Research in Communications*, 2(1).
- Lee, Y., Kim, S., Seock, Y.K., and Cho, Y. 2009. Tourists' attitudes towards textiles and apparel-related cultural products: A cross-cultural marketing study. *Tourism Management*, 724-732.

- Lee, Y., Medvedev, K., Hunt-Hurst, P., and Choi, Y. C. 2008. How the Korean Fashion Industry is viewed by WWD USA. *Journal of the Korean Society of Clothing and Textiles*, 32(12): 1951-1926.
- Medvedev, K., Lee, Y., and Choi, Y. J. 2010. An Exploratory Study on the Relationship between Country Image and the Evaluation of Fashion products Influenced by the Ethnic Dress of Asians. *Journal of the Korean Society of Clothing and Textiles*, 34(12): 2022-2038.
- Moon, H. C., Rugman, A.M., and Verbeke, A.1998. A generalized double diamond approach to the international competitiveness of Korea and Singapore. *International Business Review*, 7: 135-150.
- Neidik, B. and Gereffi, G. 2006. Explaining Turkey's emergence and sustained competitiveness as a full-package of supplier of apparel. *Environment and Planning*, 38: 2285-2303.
- Oh, J. and Fiorito, S. 2002. Korean women's clothing brand loyalty. *Journal of Fashion Marketing and Management*, 6(3): 206-222.
- Park, H. J. and Rhee, Y. J. 2007. Sourcing in Korea: Lessons from an International Textile and Apparel Trade Show in Seoul. *Journal of the Korean Society of Clothing and Textiles*, 31(6): 902-910.
- Parrish, E. D., Cassill, N. L., and Oxenham, W. 2006. Niche market strategy in the textile and apparel industry. *Journal of Fashion Marketing and Management*, 10(4): 420-432.
- Porter, M. E. 1998. *Cluster and Competition: New Agenda for Companies, Governments, and Institutions n Competition*. Boston Ma: Harvard Business School Press.
- Porter, M. E. 1990. *Competitive advantage of nations*. Boston: The free press.
- Proctor, T. 2005. Essentials of marketing research. Essex: Pearson Education Limited. <http://www.scribd.com>. Accessed 4 June.
- Rantisi, N. M. 2001. The Local Innovation system as a source of "Variety": Openness and Adaptability in New York's Garment District. *Regional Studies*, 36(6): 587-602.
- Rhee, E. Y. 2008. Clothing and Textiles Education in South Korea: Perspectives for the Knowledge-Based Information Society. *Clothing and Textiles Research Journal*, 26(2): 191-200.

- Smith, A., Begg, B., Bucek, M., and Pickels, J. 2003. Global trade, European integration and the restructuring of Slovak clothing exports. *Ekonomicky Casopis*, 51(6): 731-748.
- Sternquist, B. and Jin, B.1998. South Korean retail industry: government's role in retail liberalization. *International Journal of Retail & Distribution Management*, 26(9): 345–353.
- Stewart-Allen, L. A. 2002. Heritage branding helps in global markets. *Marketing News*, 36(16):6.
- Style, 2011. Issey Miyake ready-to-wear Spring/Fall 2011 collection. <http://www.style.com>. Accessed 10 May, 2012.
- Swedish Trade Council. 2008. Export Radet-Korean Retail Market. <http://www.swedishtrade.se>. Accessed 2 April 2011.
- Tam, K. K. 2007. Effect of Brand Image on Consumer Purchasing Behavior on Clothing: Comparison between China and the UK's Consumers. Unpublished Master dissertation for the degree of MSc International Business.
- The Chosunilbo, 2011. *Foreign Fashion Chains Take Over Korean High Streets*. <http://www.englishchosun.com>. Accessed 26 May 2011.
- The Guardian, 2011. *Yohji Yamamoto: the people's designer who cuts loose from the catwalk*. <http://www.guardian.co.uk>. Accessed 14 March 2012.
- The Korea Times, 2010. *Fast Fashion vs Dongdaemun*. <http://koreatimes.co.kr>. Accessed 10 May 2011.
- The Yonsei Annals. 2010. <http://www.annals.yonsei.ac.kr>. Accessed 20 May 2012.
- Tokatli, N. and Kizilgun, O. 2004. Upgrading in the Global Clothing Industry: Mavi Jeans and the Transformation of a Turkish Firm from Full-Package to Brand-Name Manufacturing and Retailing. *Economic Geography*, 80(3): 221-240.
- Tokatli, N. 2008. Global sourcing: insights from the global clothing industry-the case of Zara, a fast fashion retailer. *Journal of Economic Geography*, 8: 21-38.
- Toyne, B., Arpan, J. S., Barnett, A., Ricks, D., and Shimp, T. A. 1984. *The global textile industry*. London, England: Allen & Unwin.
- UK Trade and Investment. 2009. Fashion -South Korea. <http://www.uktradeinvest.gov.uk>. Accessed 10 May 2011.

- Urde, M. 2007. Corporate brands with a heritage. *Brand Management*, 15(1): 4-19.
- Vogue, 2011. *Yohji Talking*. <http://www.vogue.co.uk>. Accessed 14 March 2012.
- Watchravesringkan, K., Karpova, E., Hodges, N.N., and Copeland, R. 2010. The competitive position of Thailand's apparel industry: Challenges and opportunities for globalization", *Journal of Fashion Marketing and Management*, 14 (4): 576 - 597.
- Won, D. Y. 2005. Survival Strategies of Korea's Fashion Industry in 21st Century. *International Journal of Costume*, 5(1): 90-95.
- Wong, Y. Y. and Chan, P. 1993. The Global Textiles and Apparel Industries: US Protectionism and Strategic Responses of Asian Competitors. *International Journal of Clothing Science and Technology*, 5(1): 25-32.
- Yoo, B. and Donthu, N. 2002. Testing cross-cultural invariance of the brand equity creation process. *Journal of Product and Brand Management*, 11(6): 380-398.
- Yu, H. 1996. Influences of brand and country-of-origin on consumer's perception of apparel products. *Journal of Korean Society Clothing and Textiles*, (20): 538-49

ANNEX

Figure 1. Proposed strategies for improving competitiveness at industry level

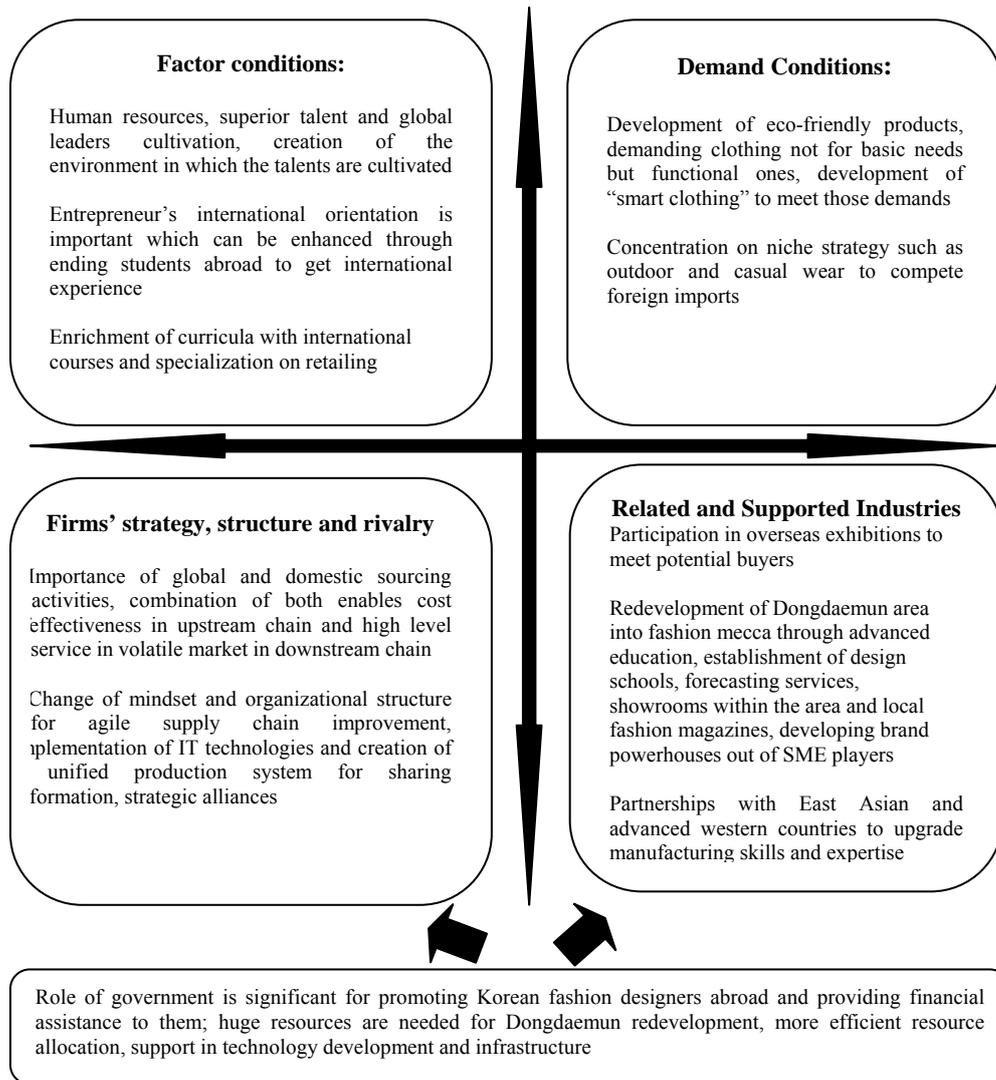


Table 1. Characteristics of Korean consumer behavior and managerial implications, company level analysis

Characteristics of Korean consumer behavior	Strategies for small and big companies
<p>Collectivistic society: Social status, recognition, image, reluctant to buy unknown or less prestigious products, brands serve as a way to show familiarity with group</p>	<p>Efforts to build strong brands which can expose high prestige and status at reasonable price, develop clothing's which help to express image</p> <p>Concentration on improving store attributes and layout to give sense of high social status</p>
<p>High Uncertainty avoidance: Need to physically sense the products quality to give the credit to brand names, physical characteristics such as quality and design are more important to give credit for products, rely on price/quality associations</p>	<p>Reduce risk of uncertainty avoidance by upgrading quality and physical characteristics of products such as design</p> <p>Companies located in Dongdaemun: upgrade quality and design moving to higher segment</p> <p>Big companies (LG, Kolon, E-Land): strategies based on agility, upgrading quality and design and moving to a luxurious segment.</p>

논문 초록

한국 의류 사업의 경쟁적 위치: 전략 및 전망

Anastasiya Tsoy

국제학과전공

서울대학교 국제대학원

한국의류산업은 아직도 한국경제에서 아주 중요한 역할을 하고 있다. 과거 한국 의류 산업에 연관된 기업들은 경쟁자들에 비해 저렴한 가격 우위로 글로벌 시장에서 경쟁해 왔다. 하지만 베트남, 캄보디아, 인도네시아, 필리핀, 그리고 특히 중국과 같은 나라들은 과거 한국이 경쟁력을 갖추며 글로벌 무대에 진출할 때 불렀던 이른바 “신흥국”으로 부상하며 한국의 가격 우위를 위협하고 있다. 이러한 글로벌 경쟁 구도에서 한국이 가진 가격 우위는 지속될 수 없으며 한국 기업들은 세계 시장에서 장기적인 수익성을 보장하기 위한 새로운 전략과 위치를 찾아야 한다.

1996년 실시된 대대적인 물류 개방은 국내 패션 시장이 해외 고급 제품들과의 경쟁하도록 이끌었다. 2001년부터 한국에 유명 “패스트 패션” 브랜드들이 대거 유입되며 국내 브랜드들의 경쟁은 더욱 심화되었다. 현재 연구는 경쟁력을 유지할 수 있도록 일반화된 더블다이몬드 모델은 이용하여 생존 전략을 개발하고 제안하며 추가적인 통찰력을 주기 위해 문화적 양상과 국가 이미지를 분석하고 산업 수준에서뿐만 아니라 국가 수준에서도 방향을 제안하는 것을 시도해왔다.

주요어: 의류 산업, 가격 우위, 세계적인 경쟁, 생존 전략, 일반화된 더블다이몬드 모델, 문화

학번: 2009-24059