

Vision of Fashion Industries of Korea, Japan, and Hong Kong/China

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ABSTRACT

This study examined the role of Korea, Japan and China (including brief information about Hong Kong) in the context of their changing fashion industries and respective, regional and global identities.

Key words : fashion industry, manufacturing exports

I . Introduction

The scope of fashion is broad and encompasses both the domestic and international markets. In this paper, concentration upon fashion exports reflects the economic importance of the textiles and clothing industries, whereas due reference is made to retail developments. An overview of the competing and complementary activities of the industries is supplied and insights into successful strategic positioning are offered. The major trends in fashion promotion and brand positioning of each of the countries are reviewed and predictions made for future, possible directions.

II . Korea

The manufacturing sector underwent a period of maturation in the late 1980s, then experienced recovery in the mid-1990s as a consequence of productivity

improvements. Textiles is generally seen as research driven whereas fashion, or more broadly speaking apparel, has a greater concentration of small enterprises and these present a challenge for productivity improvement. Suh(2004) has observed that the complexity of today's trade patterns indicate the Korean export figures are unlikely to recover to the level of the textile and clothing industry's heyday, yet "some parts of the textile and garment industry still have potential for further development...(1)".

Table 1 demonstrates the relative positions of Korea, Japan and China for exports of manufactured goods, of which textiles and apparel was a declining sector for all three nations in the period 1992-2000. Suh (2004) suggested that some of the advantages incurred in the economic development of each of these three nations had been more pronounced in the early stages of industrialization yet, in recent times, sequential and vertical developments characterized by the "Flying Geese Model" (Kojima, 2002, cited in Suh, 2004) had been supplanted by a "leapfrog" pattern of improvement. The picture is further

Table 1: Composition of Manufacturing Exports of Japan, China, and Korea by Sector, 1992 and 2000

	Japan		China		Korea	
	1992	2000	1992	2000	1992	2000
03. Food & beverage	0.59	0.47	8.67	4.50	2.63	1.46
04. Textile & apparel	2.45	1.70	42.05	28.37	26.25	11.97
05. Paper & publishing	0.81	0.68	0.69	0.77	0.81	1.27
06. Chemicals	9.25	10.96	8.20	8.13	10.06	10.79
07. Petroleum & coal prod.	0.47	0.31	1.47	1.43	2.22	5.47
08. Non-metal products	1.10	1.08	2.03	1.72	0.76	0.56
09. Basic metals	4.79	4.44	2.70	3.25	6.67	5.09
10. Metal products	1.88	1.56	3.10	3.57	2.79	1.98
11. Machinery	15.44	16.42	3.13	4.33	4.25	5.40
12. Semi-conductor	4.09	8.42	0.28	1.88	8.98	12.41
13. Electronic components	7.62	9.90	4.29	7.84	3.96	5.22
14. IT hardware	18.39	14.25	6.57	15.96	12.72	19.98
15. Home elect. appliances	0.45	0.18	0.99	1.70	1.48	1.38
16. Automobiles	21.94	17.7	0.79	1.71	5.69	8.94
17. Other transportation equip.	4.15	4.07	1.86	2.02	5.98	5.39
18. Precision equipment	4.78	6.23	2.92	2.98	1.31	1.13
19. Other manufacturing	1.80	1.63	10.26	9.83	3.44	1.57

Source: Korea Development Institute, 2003.

complicated by foreign direct investment (FDI) and fragmentation of supply and value chains, formation of regional blocks and various bilateral agreements against the backdrop of the World Trade Order with its unified set of trading rules. Table 2 demon-

strates the competitive positioning of Korea, Japan and China in terms of world market share for manufacturing exports, 1992-2000. As has been apparent in recent months, 'surge' (and associated anti-surge restraints) have bolstered China's position

Table 2: World Market Share of Manufacturing Exports from Japan, China, and Korea, 1992 and 2000

	Japan		China		Korea	
	1992	2000	1992	2000	1992	2000
Manufacturing total	11.6	10.1	2.6	5.2	2.6	3.7
03. Food & beverage	0.8	0.8	2.7	3.8	0.8	0.9
04. Textile & apparel	3.0	2.3	11.9	19.5	7.4	5.8
05. Paper & publishing	2.7	2.3	0.5	1.4	0.6	1.6
06. Chemicals	7.7	7.9	1.6	3.0	1.9	2.9
07. Petroleum & coal prod.	2.7	1.8	1.9	4.3	2.9	11.7
08. Non-metal products	8.0	8.3	3.4	6.8	1.3	1.6
09. Basic metals	10.0	9.2	1.3	3.5	3.2	3.9
10. Metal products	7.7	6.0	2.9	7.1	2.6	2.8
11. Machinery	14.4	14.4	0.7	2.0	0.9	1.7
12. Semi-conductor	22.2	16.0	0.3	1.8	11.0	8.7
13. Electronic components	18.1	15.7	2.3	6.4	2.1	3.1
14. IT hardware	24.7	11.4	2.0	6.6	3.9	5.9
15. Home elect. appliances	6.2	2.3	3.1	11.7	4.6	6.8
16. Automobiles	22.0	16.7	0.2	0.8	1.3	3.1
17. Other transportation equip.	11.1	12.0	1.1	3.1	3.6	5.9
18. Precision equipment	15.7	16.0	2.2	4.0	1.0	1.1
19. Other manufacturing	4.3	3.7	5.7	11.7	1.9	1.3

quite considerably - yet the activities of investors (and in particular the multi-national companies) account for flows of capital and goods in much of the country's business. Many of these investors are, as elsewhere in the world, from Korea.

mation with online-magazine-style, local and global information about the fashion industry. This supplements a wide selection of consumer magazines in conventional, hard copy format and provides evidence of the shift to electronic 'business-to-consumer'

Table 3 The Identity of the Korean apparel Industry in the nation's economy

Division	unit	manufacture(A)	TextileIndustry	ApparelIndustry(B)	Ratio(B/A,%)
number of companies	1 company	91,156	19,235	7,506	8.2
Employment	thousand persons	2.508	425	143	5.7
manufactured amount	1 billion won	479.733	38.152	7.839	1.6
export('00)	100 millionUS dollar	1.723	184	60	3.5

(Source: Korea Fashion Association, 2004)

The Korea Fashion Association (2) indicates the relative importance of the textile and apparel industry to the nation's economy, and Table 3 shows its contribution to society in employment terms. As has been apparent in recent years, the investment of both the public and private sectors, supported by academic and entrepreneurial efforts, indicates both commitment to this sector and concentration on what are traditionally seen as small-to-medium sized enterprises (SMEs). The point is underlined by the development of textile and fashion centres in Seoul (3) and the launch of the Milano project in Daegu (4). The Korea Federation of Textile Industries (KOFOTI) Korea Development Institute (KDI) and other, representative organisations propose comprehensive plans for the revitalisation of the industry - from company startup incentives to promotional options, and from macro to micro scale. The Seoul Collection and Seoul Fashion Week provide an effective show- case for international buyers to view design talent at first hand, and provision of information about individual designers and brands is both detailed and attractively 'packaged' (5).

At the domestic level Korea, in common with Japan and China provides commercial website infor-

(B2C) activities. In the youth sector, the options to surf for high fashion news and affordable street wear in the space of a few seconds accelerate the dissemination of trends whilst offering a greater educational opportunity in the wider sense of the Internet. It is evident in all three nations under discussion that this burst of enthusiasm for direct, low-cost and almost instantaneous information is changing the world of fashion, with repercussions for all segments of the supply chain. In this context, complementary industry developments (multi-media and information technology in general) are assisting the textile and clothing companies to innovate, as briefly indicated in the following:

"With its strategic location in the region, Korea seeks a two pronged approach to become a logistics hub and a financial business center. To this end, Korea is improving both infrastructure and overall business conditions, in other words; hardware and software.

"The strategy to become a logistics hub is developing centered on several key local governments such as Incheon and Busan, both cities possessing international airports and sea ports. Here, not only world class logistics infrastructure is being built but

also software-side improvement is being made such as upgrading the logistics network and amending related laws and institutions.

“Major local governments’ initiatives to attract headquarters of multi-national companies and build IT and media infrastructure are part of Korea’s national vision to become a financial business hub in the Northeast Asian region.

“North Gyeongsang Province has introduced the concept of the Milan Project, named after the famous Italian city of fashion, showing its determination to be the Mecca of the textile industry in the Northeast Asian region.

“To this end, the province is promoting fashion and design industries and next-generation industrial textile business. It plans to upgrade its technology base by amalgamating related businesses into one region, and innovating processes for textile production and distribution.

“The plan also includes maximizing already established facilities such as the New Product Development Center and the Fashion Design Center (6)”.

III . Japan

Japan is renowned for its success in the consumption of brands as well as its supply of branded goods, contributing, for example to approximately 30% of Louis Vuitton’s global sales in 2003 (7). The success of brand exports is likewise apparent yet, in the wake of the economic boom-and-bust era, Japan’s garment industry has lost some of its luster accounted for by the trend representing what Japan does best - a subject well discussed in a variety of academic and consumer-oriented publications (8).

Frost (9) cites a variety of experts on Japan’s mixed success in exporting fashion products and

culture is one of the factors seen to limit the extent of the takeup of equivalent luxury merchandise in the international market place. For example:

“The Japanese have been particularly successful with products that serve ‘universal needs,’ i.e., needs that do not vary greatly across cultures (electronics) or that serve so-called global segments (teenagers). Fashions, food and cosmetics have historically been considered more culturally influenced..which means you have to adapt your product somewhat to the country targeted.”

“The Japanese consumer products produced in Japan for the Japanese are extremely culturally grounded and specific for the Japanese market. Due to the uniqueness of the Japanese consumer, they are not readily transferable to the rest of the world.”

“Japan was busy focusing its national reputation on technology, not fashion. ‘Made in Japan’ means technology (with style), not fashion or fragrance. The French and the Italians have absorbed fashion sensibilities as a core element of their national identity over centuries. The Japanese set out to perfect how the car works, the Italians set out to create the car as a work of art. They are not concerned with selling several million of them to support the Italian economy. It is a fundamental difference in mindset. Fashion and fragrance are two leading image drivers of French culture, and have been for centuries.”

Interestingly Japan is the world’s second largest apparel importer after the USA, but it is also experiencing a surge in popularity of domestic fashion labels and branded goods. The creation of the global portal (10) has facilitated both insights into Japan’s lifestyle and information flow about Japanese products. The site also aims to assist young designers to access market data, familiarise themselves with

styling directions, and enter new market niches. Eleven companies, including textile and clothing manufacturers, traders etc., together with the Telegraph and Telephone (NTT) Group, launched the company in 2002 with consequences for the conduct of business in Korea, China and elsewhere in the region.

Most fashion followers can cite the names of Japanese designers such as Rei Kawakubo and Issey Miyake, in addition to which the streets of Harajuku and Shibuya are recognized as sites to view emerging fashion trends and experience what one analyst terms the ability to "Recognize The Future When It Lands On You (11)". Other designers to have achieved recognition include Junya Watanabe and Jun Takahashi. Perhaps most importantly, Japan is enjoying new found competitiveness in music, video games, anime, art, films and fashion - with unprecedented emphasis on cultural and artistic expression, sometimes attributed to the need for 'escapism' and compared with the developments in the USA in the 1960s and '70s. In short, the influence of Japanese culture on the Korean and Chinese societies has been considerable, with fashion gaining ground as pop stars and pop media move through the various strata of society (13). In Hong Kong in particular the effect of Japanese fashion is very strong, with street style and cartoon characters achieving something close to 'cult' status (14). Television characters and cartoon comic strips permeate high fashion as well as the popular variety, 'Astro Boy' having featured as a motif for relative newcomers such as Hiroaki Ohya (15).

In Japanese retail, the influence of youth is still strong and designers such as Noriko Kazuki, with store 'Chup' in the 109 shopping centre have become expert at interpreting what has been referred to as the 'unique kind of haphazard innovation and

design anarchy', for example, as seen on the streets of Shibuya. According to her son, Sosei Kazuki: "Things move so fast. There is no constant strategy. The only strategy is to keep moving". Braun (16) has termed this phenomenon "superquick response" with turnaround of approximately 14 days, permitting remodelled and original styles to be presented in the market place on an accelerated just-in-time schedule, with stars such as Ayumi ensuring Material Girl style wealth to the order of 160 million yen in one month.

In real terms the shift to quick (hyper-quick) response represents the tip of the iceberg: Japan has 'volume' imports and exports, and a fast-moving fashion retail sector which remains the domain of fashion leader minorities - however the niche is defined. Japan Export and Import figures for the year 2002 show a formidable skew towards exports (value 43,938,567,000 yen, total garments) with imports reflecting the lower value, higher quantity nature of the bulk of the apparel business (value 1,514,194,000 yen, total garments). Of this, import value from China was 1,514,194,000 yen and from Korea, 4,721,000 yen in the same year (17).

IV. China

As noted in the above China has made remarkable process in developing its export markets and, in common with its neighbours has upgraded manufacturing and services to the point where the 'leapfrogging' in the development phase has alarmed both customers and competing exporters. The 'grand plan' for China's industry was reviewed in an earlier paper (4) and has been the subject of many reports in recent years. A brief summary supplied by the China National Textile Industry Council (CNTIC) is shown below:

“The State Textile Industrial Bureau has set objectives for the coming 5 years, with stress put on updating the industry through accelerating technical reform and strategic restructuring of textile enterprises. The industry is expected to substitute imported fabrics or expand fabric exports with 3 billion meters of local-made fabrics; and 200,000 tons of differential fibers are to be produced to back the fabric production. To reach this goal, the State Textile Industry Bureau gives first consideration to the following areas in its future development plan: new chemical fiber raw materials, new textile process and technology, mechano-electrical integrated technology, information and quick-response technology, environment protection technology and technologies that provide help to sustained development. In the longer-term plan, the textile industry is expected to reach the following goals by 2010: the total fiber processing capacity should reach 12.5~13 million tons, an increase of 3~4 million tons over the year of 2000; the per capita fiber availability should reach 8.9~9.6 kg, while per capita fiber consumption reach 6.1~6.4 kg; the exports of textiles and garments should amount to US\$100 billion; in term of product structure, the ration between clothing, decorative textiles and industrial textiles should be 50:30:20 (18)”.

In effect, the rapid expansion of trade since 1979, accelerated in the '90s as a consequence of trade reforms (including tariff reductions) has not benefited the nation to the extent of either Japan or Korea during their periods of industrialization and integration with the global economy (19). However, in common with Italy and other nations, the shift to what Porter has formerly referred to as ‘clusters’ and some other strategists ‘constellations’ of networked firms or enterprises is well underway in that country. The concept is effectively discussed by

Gu and Gu (2004), who develop models of industrial clustering with specific reference to Zhejiang province to demonstrate development strategy in the textile and apparel industry (20).

The specialization of towns and cities in individual garment product categories reflects the importance of this clustering approach, and vast areas are dedicated to underwear, knitwear, men’s formal wear and so forth in much the same way as, for example, Carpi or Prato in Europe - and various provinces of Korea and Japan. By a combination of central planning and careful segmentation, China succeeded in exporting US\$51,916,379,000 value of apparel and accessories, assuming first position in the global league of fashion manufacturers (21).

On the promotional front China has likewise struck a balance between the ‘mega’ and the micro approaches: some have estimated, perhaps exaggerating, that a fashion or textile exhibition takes place in China Mainland every week, and the established fashion capitals of Shanghai and Beijing have been expanding their international presence for over a decade (22). Analysts Morgan Stanley have reported, correspondingly that China will represent a very significant market for imported luxury brands - noting just 8% of the population would represent roughly the equivalent of the entire population of Japan (23).

China’s retail environment is growing increasingly more sophisticated, as recognized by international designers such as Armani who, on traveling to Beijing in May 2004, observed that the country was an important destination for luxury brands and their associated luxury stores. The sophistication of the shopping and entertainment complexes is similar to but different from those of other cities in South East Asia, although the ‘leapfrog’ phenomenon still comes into play. In the virtual world China likewise

has its dedicated sites, and commercial ventures are springing up as more people start to surf the Internet. For example, 'China Vogue' supplies industry information as well as consumer product leads, beauty tips and general articles of cultural interest (24).

Hong Kong traditionally played the role of entrepot to China and, as its economy develops, so the differential becomes eroded to the point where the two-way flow of fashion information, goods and services is more balanced than in the past. Canto pop, Canto fashion and even 'foreign' direct investment are giving way to Putonghua and China Mainland influences which, when mixed with the rich assortment of high and low culture, create a new environment for the fashion industry. Many established Hong Kong designers, once focused on domestic and export markets, now eagerly accept consultancy positions in Mainland companies, spending more time 'over the border' than in their Hong Kong studios. Likewise Hong Kong fashion promotion has concentrated on Pearl River Delta, Shanghai and Beijing for greater consumption of Hong Kong products. The recent Closer Economic Partnership Arrangement (CEPA) has presented further opportunities for two-way trade, just in advance of the 'level playing field' (25).

V. Fashion Industry Futures

Most of the developments cited by authorities demonstrate the here and now as opposed to a vision for the future. Plans for five or ten years' hence still indicate adjustment to current trends and available technology - in which context, strategies to create fashionable and marketable apparel with associated, modernized distribution systems may be critical for the three nations under discussion.

Rintanen (26) proposes two, disparate themes for the global fashion field, these being vertical integration and deconstruction, each of which are illustrated with examples from 'high' and 'low' end fashion companies. Citing various experts in the field she notes the free movement of resources and decreasing cost of information has given rise to a 'split' of information and physical flows, in which case 'integration gives way to orchestration' instead of 'holding every link to the chain'. In creating value, the virtual can transcend the actual, for example by concentrating on brand management as a core competence. With the vertically integrated model Rintanen demonstrates some requisite bureaucracy, as compared with the 'umbrella' style of company where only supporting activities are centralized. More comparable with the deconstructed style seen as defensible in the light of both globalization and the development of communication technologies is the fashion enterprise characterized by organizational flexibility and modularity, in keeping with the spirit of fashion itself.

The key trends are identified in speeches of government representatives and industry spokespersons of which the comparative examination of Korea, Japan and China (1) is representative. Intra-industrial restructuring will be typical not just of these three nations but the entire set of Asian economies; firms of different nationalities will compete in the various segments; firms will become multinational and locate according to the strategic value of the host countries; and business friendly, market oriented socio-economic environments will be preferred for fashion procurement/manufacturing. Emphasis on intra-regional trade in Asia will not, however, reduce the importance of global fashion trends nor impact upon the consumers' psyches - hence global, regional and local factors must

continue to be weighed by strategists, manufacturers, distributors and retailers alike. In this case Kazuki's observation that 'the only strategy is to keep moving' may have more resonance in the post-WTO era.

VI. Conclusion

There is a wealth of cultural reserve in each nation(Korea, Japan and China), yet the expectation is that competition between China, the ASEAN nations, and Korea will intensify in future years and, above all, the prospect of abrupt change in 2005 has caused uncertainty for manufactures and importers alike. In the deconstructed form, driven by innovations and armed with effective strategies as discussed by senior policy makers, a positive future for this sector is envisaged. In effect, the resilience of the avant garde and the admiration of overseas consumers should convince officials, industry leaders and educators in their turn that fashion is not merely a strong economic indicator but also an essential element of people's lives, and a barometer whereby to measure societal development.

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