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-

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이태리 패션산업을 근거로 본 한국 의류산업의 해외진출을 위한 제언
-박람회 및 쇼룸의 활용-

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Abstract

The purpose of this study was to propose an efficient and feasible global market entry strategy for the Korean apparel industry by analyzing the Italian fashion industry. In particular, the study investigated the role of foreign exhibitions and showrooms supported and organized by Italian fashion organizations. The methodology for this study was to analyze industrial reports, review previous studies and conduct in-depth interviews with 23 industry experts in Italy, Korea and LA. The results indicated that the most prominent factor in the Italian fashion industry was the fashion cluster, which is a strong and organic network of diverse fashion related areas No matter the size of the enterprise, firms can get practical, prompt and efficient support from diverse associations. The network operated by the associations provides strong support to each firm by organizing collections and exhibitions, and providing promotional activities. Showrooms and agents are another supportive “gate keeper”, directly related to an enterprise's sales. However, Korean fashion firms did not have enough information or knowledge for foreign exhibitions, nor did they make aggressive promotional efforts in the global market. Despite the many fashion-related associations exist in Korea, their programs are too focused on visible accomplishments and are too oriented on “big company” and “big voice”, rather than many “small firms”. In conclusion, the Korean fashion industry-particularly the fashion industry in Seoul-has strong potential to become the center of the global fashion market in the future. However, the fashion support system that can act as the channel to promote firms and to meet global buyers needs to be supplemented. To feasibly create this system, government or industry associations should develop a strong and generous support system and network, and they must recognize the need for small firms to exist.

Key Words: Fashion clusters, Support program, Italian fashion industry, Foreign exhibitions, Showroom; 패션클러스터, 지원프로그램, 이태리 패션산업, 해외박람회, 쇼룸

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I. Introduction

The fashion industry experienced globalization more rapidly than any other sector. This is because each production stage is separable, so that any country can participate in any production stage, no matter what their level of economic development. In recent years, there have been several global trends in the fashion industry. First, firms tend to develop a differential strategy by forming and communicating their culture with customers; it is very difficult to convey a product as superior to its competitors through just its physical features or just brand names. Customers tend to buy an entire concept of a product, not just the tangible features. Companies want to create images that can fit customers’ needs. Tangible fashion products are easily copied, but the intangible meaning attached to it is not copied by competitors well. For instance, designers may expand their business fields to hotels, furniture, or restaurants that express their businesses’ images. Another trend is the development of scientific and creative processes for the entire merchandising system—fashion information collection, planning, distribution, and selling, etc. For instance, fast fashion global companies such as ZARA, MANGO, or H&M can exploit their markets by satisfying customers’ needs with a wide variety of fresh merchandise and a low-cost mass production system (“Crescere con l’Italian style”, 2008).

The fashion industry in Korea has played a critical role in economic development since the 1960s. However, global competitive advantages of Korean fashion industry have weakened continuously because competitiveness has been oriented too much on price. China, Vietnam, and other countries with low labor costs have been more competitive. Furthermore, domestic markets have experienced intense competition because a large number of competitive global fashion firms have entered the Korean markets.

The present study aims to propose a practical and feasible program to successfully launch the Korean fashion industry in global markets by comparing the Italian and Korean fashion industries. Korean and Italian fashion industries have many commonalities. The fashion industries in both countries are composed of a large number of small or mid-size firms, and the fashion industry has been important to each country’s national economy. However, the Italian fashion industry has been more competitive in the global market, especially since 2000. Textile exports from Italy have increased continuously, with 34% growth during 2000-2004 (WTO, 2007); it also comprised 25% of the EU market (“International trade”, 2007). On the other hand, textile exports from Korea have decreased continuously since 2000, with a 19% withdrawal during same period (WTO, 2007).

There have been many previous research studies on global competitiveness of the fashion industry in academia or by governmental research institutes. However, most of the studies focused on abstract and macro-level factors, which had limitations in that individual firms cannot adopt or apply them to their firms promptly. The purpose of this study is to propose practical and directly adoptable programs to fashion firms by collecting field interview data from Korean and Italian fashion experts.

II. Background Information

1. Competitive Advantages of Fashion Industry

There have been several previous research studies on global competitiveness in the fashion industry by academia and industrial reports. In academia, many researchers adopted Porter's diamond model. According to Porter (1990), the competitiveness of a nation or a region in a specific industry are determined by internal and external factors. Internal factors are derived from factor conditions, demand conditions, related and supporting industries, firm strategy/structure, and industry competition and rivalry. On the other hand, external factors are opportunity and the role of government.

Porter (1998) also emphasized local competitiveness within the context of a global economy, and identified clusters as having a prominent role. Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions in a particular field. The presence of clusters suggests that