



South Korea

Fashion

The Korean fashion market is estimated to be worth about £19.6 billion and is expected to increase by 2 percent in 2014.

Over the next 5 years, the South Korean economy is forecast to make the 10th largest contribution (1.8%) to world GDP growth (IMF) – greater than UK, France and Turkey. It made the single largest contribution to UK export growth in 2012. South Korea has a population of 50 million with over 80% living in urban areas. The Seoul metropolitan area is the most populous area in South Korea with more than 22 million people. This is followed by Busan with 3.7 million and Incheon with 2.6 million.

About 1/4 of the local fashion market is composed of women's wear, 20% is composed of handbags and shoes and the rest are made of men's wear, sports-wear.

The New Wave of Hallyu

Seoul is now one of Asia's most important international fashion centres. Busan, in the far South of the country, is another hub. As well as domestic consumers, South Korea is a culture and fashion hub for the wider Asia-Pacific region. Korean influence in these areas has taken the region by storm (a phenomenon known

as the "Hallyu" or 'Korean Wave'). K-Pop is drawing more and more affluent tourists from Japan, China and elsewhere to fly in and spend their tourism dollars in both duty free and local stores. The number of fashion select shops selling diverse foreign branded goods has increased rapidly over recent years. New mega-multiplexes such as the Coex Mall in Samsung-dong and the IFC mall in Yeuido have been built so people can dine, shop, and watch movies all under one roof. These present exciting new retail opportunities for British companies.

Influence of the FTA

The European Union and South Korea have concluded a Free Trade Agreement (FTA) which will gradually result in the removal of 97 percent of all tariffs (around €1.6bn of duties) for UK exporters from July 2011.

Thanks to the FTA, the Korean Government no longer charges UK companies import duties on apparel, footwear, cloth, leather or fur. The duties charged on accessories will be progressively dropped over the next two years, with the duty on wool and cashmere to be dropped progressively over the next seven years.

This represents a fantastic (and as yet, under-explored) opportunity for UK exporters.



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Fashion– Opportunities for UK companies

South Korea

Fashion goods

More consumers in Korea make high value purchases. They wish to purchase goods with history, craftsmanship and 'a good story' behind them. UK fashion companies who have been manufacturing the same type of goods over several decades have typically done extremely well in the South Korean market. Yet there is still vast untapped potential in this area.

There are also plenty of opportunities for new up and coming designers and brands to penetrate the market. Due to the increasing number of concept stores which offer international and local designers' clothing and lifestyle goods, bright new talents with export capabilities are always welcome in the market.

Fashion goods Manufacturers

Adding brand value is important from a supplier's perspective. The number of Korean designers and retailers who are seeking to find manufacturer partners with unique skills and expertise is increasing. Increasingly, more and more look to add values to their designs by manufacturing them in the UK. There are outstanding opportunities for UK shoe, garment and accessories producers to export to Korea.

Getting into the Market

To compete in South Korea, UK companies are recommended to appoint a capable local distributor, licensee or franchise partner who has an established network in the market and extensive market knowledge. A long-term perspective and a reliable partnership between supplier and their local partner is one of the key factors in achieving success.

Market intelligence is critical when doing business overseas, and UKTI can provide bespoke market research and support during overseas visits through our chargeable Overseas Market Introduction Service (OMIS).

How can UKTI help?

The UKTI team in South Korea has many years of experience providing support to UK companies operating or considering operating in South Korea. Some of the assistance we can offer includes:

- providing tailored overviews of the sector
- providing market research and supply local contacts for your business
- identifying reliable and eligible agents/distributors/partners
- identifying competitors
- supporting events and your visits
- arranging one-to-one meetings

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