

Understanding the Success Factors Behind South Korean Emerging Designer Brands: A Comprehensive Case Study

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Introduction. The South Korean fashion industry, once monopolized by fast fashion giants and luxury fashion brands, is experiencing a transformative shift due to the rise of South Korean emerging designer brands. South Korean emerging designer brands are claiming recognition, engrossing an average sales profit of 100 billion won (KRW), approximately 85 million US dollars (Kee, 2024). South Korean emerging designer brands are small-scale designer labels with minimal retail experience (Oh & Nah, 2015, as cited in Shim, 2017). The widespread adoption of social networking services and distribution channels has facilitated easier accessibility for new designers to establish brands (Kim & Sullivan, 2019). As a result, a surge of South Korean designer brands has led to a saturated market with intense competition (Kim et al., 2018). The primary hurdles of new designers include a lack of brand awareness and professional management, posing difficulties in implementing retail strategies tailored to the target consumer group (Shim, 2017). Conversely, more established emerging brands have created a specific niche market by providing new content through distribution channels (Yun, 2017, as cited in Kim & Ji, 2019). Established brands succeed by differentiating themselves from their competitors (Jung et al., 2020). This is achieved through effective retail strategies that enable consumers to differentiate one brand from another (Lee & Jung, 2020) and could also serve as a comprehensive guide for new designers.

Literature review. Given the scarcity of guidance available for new designers in this relatively new market, limited research exists on South Korean emerging designer brands. Therefore, this study aims to fill the gap by exploring the successful retail strategies utilized by established emerging designer brands and observing how these strategies resonate with the target consumers, specifically Millennials and Generation Z. Previous studies have identified three critical success factors: brand identity, storytelling, and distribution strategies (Lehrer & Trenz, 2022; Ma, 2019; Ross & Harradine, 2011). Firstly, a strong brand identity involves unique physical attributes such as logos, color palettes, product designs, and services (Ross & Harradine, 2011). This brand identity not only visually represents but also reflects its values, resonating with consumers. Secondly, storytelling is a powerful communication tool used by established brands to convey their brand values and the compelling narratives behind their products (Ma, 2019). This storytelling approach helps brands stand out by connecting with consumers seeking unique experiences and stories behind the products they purchase (Ma, 2019). Thirdly, established brands adopt a physical and digital multi-channel approach to enhance the overall shopping experience (Lehrer & Trenz, 2022). They optimize online distribution channels, such as social media, e-commerce platforms, and brand websites, while also providing offline options for consumers, such as physical stores and pop-up stores (Kim & Ji, 2019).

Method. The present study explored the success factors of four established designer brands in South Korea through direct observation of their physical stores. Four specific established brands, Instant Funk, Matin Kim, Ader Error, and Mardi Mercredi, who initially launched as online-based brands and gradually branched out from their websites to physical stores, were selected to

be the focus of the research. (Yoo & Ha, 2023). We gathered unbiased and objective data by conducting site visits at four different stores without involving participants. Using this observation method, we collected rich data at its most natural state (Cotton et al., 2010). Field notes with consumer activities and characteristics were recorded for two weeks on weekdays and weekends. Observations were conducted between 1 and 2 p.m., and pictures were taken between 5 and 5:30 p.m. By closely examining the physical aspects of these stores, including their layout, design, product placement, and installations, we were able to gain valuable insights into their operations. Each physical store exhibited distinctive features based on the established brand's identity. *Matin Kim*, *Ader Error*, *Instant Funk*, and *Mardi Mercredi* offer a wide range of in-store facilities to enhance the overall shopping experience for consumers. Store facilities include fitting rooms, photo zones, and cafes. The observed brands adhere to a thematic concept in their store design and product presentation (Uh & Ha, 2020). For example, *Ader Error's* store features space-themed imagery, celestial motifs, and futuristic graphics, creating a space-related design. The store, *Instant Funk*, represented by the brand's official color, mint, dominates the interior design, and infuses a sense of cohesion within the entire space. *Matin Kim* prioritizes a youthful and trendy ambiance within the store layout. Vibrant colors, graphic paintings, and contemporary decor are visible throughout the store. *Mardi Mercredi's* store boasts a minimalistic vibe, with a focus on simplicity and cohesion, which is shown through its neutral color palette.

Result. The thematic consistency of all the physical stores we observed manifested by established brands as part of their retail strategies (Yoo & Ha, 2023). Furthermore, the store's ambiance, product presentation, and immersive brand experience bring out unique consumer experiences. Our observation showed that these established brands prioritize offering limited-edition and collaborative products with other brands (Yoo & Ha, 2023). By curating a selection of exclusive products, brands seek to elevate the value of the offerings and enhance the overall consumer experience (Lee & Kim, 2017). Our study showed that established brands emphasize providing interactive and immersive experiences for consumers. Guided tours, interactive photo areas, and immersive exhibitions allow consumers to engage more deeply. These experiences create opportunities for brands to foster consumer-brand relationships and differentiate themselves from traditional retail environments (Cho, 2021).

Discussion. Common behaviors that were identified from our observational research are choice behavior (e.g., browsing store products, taking pictures) and socializing behavior (e.g., communication with consumers and in-store personnel) (Larsen et al., 2017). Among the consumers of established brands, predominant choice behaviors include browsing store products (inspecting labels, touching) and taking pictures using mobile phones and digital cameras. The predominant socializing behaviors were observed across high consumer traffic areas within the store, including checkout counters, product displays, and photo zones. The findings confirm the importance of physical stores as a successful retail strategy which embodies three key factors: brand identity, storytelling, and distribution strategies (Lehrer & Trenz, 2022; Ma, 2019; Ross & Harradine, 2011).

Implication. These four brands serve as models, offering valuable insights for new designers in the fashion industry (Uh & Ha, 2020). This study goes beyond exploring established designer brands and their success factors. It aims to help new designer brands grow sustainably by providing innovative and practical ideas for future retail endeavors (KOCCA, 2019). Our study

suggests that new designers should identify innovative areas for improvement and tailor their retail strategies by understanding consumer behaviors and experience in their physical stores. Furthermore, this study contributes to the literature and fashion industry by providing unique aspects of retail strategy through direct observation study. The study has limitations, such as observer bias and subjectivity in data analysis. However, this research provides valuable qualitative data on the success factors of established brands. It has generated meaningful insights into consumer behavior and store characteristics that may not be captured solely through quantitative data such as surveys and interviews (Kim & Kim, 2020).

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