The Social Foundation of Luxury Good Obsession in South Korea

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ABSTRACT

Luxury Commodity and Social Impact on South Korea

A thesis presented to the Department of Global Studies

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Many young people in Korea are addicted to luxury brands. This phenomenon often ruins their lives. By examining the causes of social, historical, and economical luxury obsession, the research aims to get a better understanding of people’s behavior. Severance of nobility culture in Korean history led to wealthy people’s indiscreet imitation of western culture. Without traditional and cultural heritage, Korea’s wealthy people only seek material display. In addition, various Korean traits such as social hierarchy, western-centrism, egalitarianism, narcissism, collectivism, competition, and love of authenticity account for the obsession trend. The introduction of credit cards and the nature of the luxury brand will also explain the love of luxury in Korea. Furthermore, the paper attempts to compare different generations and both groups’ attitudes to luxury commodity. Finding the sources of different forms of luxury consumption will provide greater comprehension of the current young generation’s attitude.
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1. Introduction

In 2010, The New York Times wrote an intriguing article about a robbery incident in South Korea. The article described a thief who stole approximately 1,700 pairs of designer shoes from different restaurants. When the police caught him and investigated the case, they found thousands of stolen pairs of shoes. In order to return the shoes to original owners, all of the shoes were arranged in the backyard of the station by sizes and brands. When the media broadcasted the incident, many people came to the office to claim their shoes. To prevent a second theft, police suggested candidates to tell their size, color, and brand of lost shoes and only about 500 pairs of shoes were returned to owners. One unique aspect of this incident was that the majority shoes seem to be similar and could be narrowed down to one Italian brand, ‘Salvatore Ferregamo,’ one of the most beloved luxury shoe brands by Koreans.¹

It is well known that people in Asia have a strong passion for luxury brands. South Korea is no exception. More and more brands set up flagship stores in major department stores and the first premium outlet store in Yeo-Ju recently gained unprecedented popularity. Younger generations who often cannot afford authentic luxury brand clothing and bags work part-time jobs to purchase a $500 dollar bag equivalent to two or three months salary. In addition, numerous shopping websites target high school or college students and sell imitation products for a fraction of the price of authentic ones.

The research begins with the question about excessive love of luxury among the current young generation. The paper mainly concentrates on the causes of prestige commodity addiction and generational discrepancies of luxury consumption. The reasons of luxury seeking can be diverse. Loss of traditional high class and new social

order caused by Japanese colonization and the Korean War gradually transformed the value of nobility. Wealth became a primary measure for determining high class. Korea’s strict sense of social hierarchy encourages the upper class to purchase luxury commodity as a symbol of status. The favoring of Western culture increases the social value of Western products while egalitarianism encourages the middle class to imitate the life-style of the high class. Narcissism allows young people to express love of self through adornment. Likewise, strong collectivism evokes the desire to fit into the community and the competitive spirit drives people to prevail over others through extravagance. In the field of economics, the introduction of credit cards facilitates easy and fast consumption. Current young people in Korea seem more set on the purchase of luxury items. The differences between old and young people are caused by the experience of hunger, economic change, different function of the media, children’s new play culture, little emperor syndrome, and new political transformation. Through examinations of diverse aspects and history of social hierarchical transformation, the study aims to the better comprehension of luxury obsession in Korea, especially the current generation.

2. Backgrounds

Korea is a small peninsula located between China and Japan. Since ancient times, the country has struggled with continuous foreign invasions due to the peninsula’s geographical advantages. The peninsula could increase trade to other Asian countries as well as hold neighboring nations in check. Korea had faced numerous assaults and, as a result, Korea decided to close the door which allowed Korea to maintain a clear social stratification until Japanese colonization in the early 20th century. The country had experienced the Korean War in 1950 and the North and
the South called a truce in 1953 with the intervention of the United States, China, and
the Soviet Union. Regardless of economic and social devastation, the South, thereafter,
achieved rapid economic development under military regimes and a government
driven economy. A strong support on heavy industry and cheap labor force gradually
improved people’s lives and Korea became twentieth largest economy in the world.
On the other hand, the government discouraged imports and people barely purchased
foreign goods due to high price. In 1997, the Asian financial crisis slowed the pace
and the intervention of International Monetary Fund (IMF) resulted in a greater
openness of imports.2 In response to globalization, South Korea signed many bilateral
and multilateral free trade agreements (FTA) and boosted the flow of global products.

3. Definition of luxury commodity

In order to discuss luxury trends, a clear-cut explanation is required. The
dictionary definition of luxury refers to an exceptional piece of art or expensive item.3
People often use the word for craftsmanship of aesthetic work. Those products
generally contain an artisan’s efforts, long history, and high value. Compared to a
mass-produced good by machines, a luxury item demands professionals’ work and
efforts which elevate a goods’ value. Nowadays, young people regard a product made
by high-end designer brands to a luxury commodity. Most luxury goods have stiff
price tags that only wealthy people can afford. In this paper, the luxury good will
signify an expensive product from the mostly-EuropeanWestern brands. This will
range from ready-to-wear clothes to accessories, although it will not be limited to

2 Central Intelligence Agency (CIA). The World Factbook: Korea, South. 2010, ISSN 1553-8133,
2010).
3 Doo-San encyclopedia, s.v. “Luxury.”
fashion items.

4. Beginning of Luxury Commodities as Social Markers in South Korea

The initial cause of indiscreet luxury consumption derives from the collapse of nobility culture. Social transitions provided unlimited access to a luxury commodity. Wealthy people who did not acquire inner aspects of nobles imitated the high class culture of the West. Unfortunately, Korea’s high class focused more on the external values of Western culture and the behavior encouraged more luxury consumption for high social status.

Ancient Korea had obvious social stratification. Before the Japanese invasion in 1910, ancient Korea was a monarchy consisting of an apparent social classes and social upward mobility that rarely happened. Not everyone had an opportunity to purchase an expensive product which represented wealthy class. Only a group of royalty and privileged social group, yangban⁴, could have access to luxury commodities such as Chinese pottery and silk clothes. Other classes such as chungin⁵, sangmin⁶, and ch’ommin had limited access. During this period, state examination was the only ladder for social upward mobility but only two classes, yangban and chungin, were allowed to take the exam. Therefore, upward movement to higher classes rarely occurred. Ownership of the luxury products was not the only measure for the high class in ancient Korea. Yangban required not only appearance but also considerable intelligence and cultural manner. They always wore a hat and traditional dress for class distinction and continuously studied Chinese. Those people invested much time in learning Chinese philosophy. They also practiced how to speak and

⁴ A traditional ruling class in Joseon Dynasty from 1392 to 1910. The group had strong social, economical, and political authorities over other classes. People in this group were exempted from military and taxation. Wealth and education allowed the people to maintain a noble title more easily.
⁵ Resemble to the current middle class. People consisted of technicians, artists, and clerical workers.
⁶ The commoners engaged in a farming and business.
behave from childhood. The luxury commodity was only one of various markers of the high class in ancient Korea.

Expansion of a ruling class in the late Joseon Dynasty period and Japanese invasion blurred class distinction. Social class transition occurred when the number of yangban increased. Joseon dynasty permitted a social upward mobility in order to overcome military and financial difficulty. A government granted the title of yangban to those who made a contribution on the battlefield or paid a large sum of properties to the government. Many wealthy commoners obtained a noble title and the number of ruling class members surpassed those of lower classes resulting in the devaluation of the authority of the high class. For the government, decreasing number of commoners caused a low revenue and conscription. In response, many government-owned slaves were released and their social status was raised to a commoner for taxation and conscription. Social upward movement of slaves abated strict social classification in Joseon dynasty and more frequent social mobility was possible.

Japanese colonization contributed to the destruction of Korea’s social class system. The war damaged many nobles’ genealogy books as well as documents of slaves, accelerating the collapse of stratification in Korea. Japan intended to eliminate social class in Korea during this time. Under Japanese subjugation, there were only Japanese rulers while the rest were Koreans. During thirty six years, except for a few collaborators, all Koreans were in the same social position. The distinction between nobles and commoners was blurred and Japanese colonization eliminated the visible caste system in Korea. After independence in 1945, the government devalued tradition in the process of development and noble culture slowly faded. As a result, Korea only has high class in economic terms.

Not everyone could purchase luxury goods or had accessibility until the end
of 1980. Regardless of urbanization, economic success, and foreign trade, Korean society was not yet ready for a consumption driven economy. People still had a harsh memory of the Korean War and the government was reluctant to imported goods in Korea. Until the 1960 and 1970s, the society’s primary concern was the reconstruction of the devastated Korean economy. Numerous amounts of men went to other countries and brought foreign funds into the country. The government put an emphasis on frugality and collective works. A fear of another possible war and the high interest rate of banks encouraged more savings than consumption. In addition, the government merely focused on heavy industries so that the types of consumer goods in the domestic market were limited.

The initial contact of luxury goods in South Korea began in the 1970s. The government’s protective trade policy prohibited various items such as agricultural crops, industrial finished goods, and luxury products from being sold in the domestic market. The government was concerned with the threat of a foreign product’s high quality that might impede national development. Fierce trade restrictions of quota and high tariffs and growing demands on foreign goods eventually resulted in an emergence of black marketers referred to as “suitcase businessmen.” They brought diverse luxury items to consumers. Their main source of illegal importation was U.S. military bases where people could smuggle a small quantity of foreign luxury goods.7

More legal import trade started in the late 1980s. South Korea’s account balance turned positive in 1986. At that time, the United States imposed trade pressure and demanded revaluation of the Korean dollar, the won.8 The Korean government could not neglect the economic pressure of the U.S due to their economic relationship.

8 The won is monetary unit in South Korea. Current exchange rate is that $1 USD equals $1,187.00 Korean won by August 10, 2010.
The Korean government invested tremendous effort and capital on heavy industry and the US was one of the main markets. In the end, the Korean government loosened the country’s protective policy and opened up their domestic market. In 1987, the number of import items increased to 7,246 and the government at last permitted foreign apparel, handbags, and shoes. Liberalization of importation reached 91.5%. After 1989, almost all industrial goods, except several agricultural products and minerals, were traded.9

“The extensive media exposure during the games may enhance the reputation of the city as an attractive business centre, further attracting new investment and trade from global companies (PricewaterhouseCoopers, 19).”10 In 1988, South Korea hosted the Olympic Games in Seoul. The event not only improved Korea’s global reputation but also attracted tourists and foreign luxury companies. The improvement of the economic atmosphere and the huge number of potential customers in Seoul seemed attractive. One year afterwards, foreign luxury companies began to settle in for the first time.

In the late 1980s, South Korea’s domestic market demanded more attention. Since 1987, people’s salary had increased and the average wage went up fifty percent between 1986 and 1990. In order to keep up with ascending wages and high demands of consumer goods, the government restructured the economy. The government put more emphasis on domestic consumption and service sectors that fulfilled the demands of nearly 43 million people.11

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9 Doo-San encyclopedia, s.v. “Import liberalization.”
The popularity of travel abroad also encouraged the expansion of luxury brand items. In 1983, the Korean tourist service department initiated a “long-term comprehensive national tourism development plan.” Its major goals concentrated on domestic and foreign travel, the development of leisure facilities, and the promotion of recreational activities. In addition, the government recognized the improvement of international trade. In January 1983, the government began to issue passports. There were several limitations though. Only people aged over 50 who deposited 200 dollars in the bank could receive passports. Foreign travel was possible once per year. Nevertheless, that was the first time that people could freely travel abroad. In the late 1980s, the enlargement of the Korean economy, trade surplus, and general improvement of the quality of life allowed for better conditions for travel. Eventually, the Korean government eliminated restrictions on travel in 1989. From all over the world, people brought not only luxury goods but also fashion trends and ideas.

However, full scale luxury commodity fever had not occurred until 1995. From 1960 to 1980, the social atmosphere did not welcome lavish consumption. The government promoted personal saving and frugality and discouraged people from purchasing imported goods and luxury commodities. In this period, the government even revealed the lists of people who consumed expensive foreign products and inspected their taxations. When the government’s policy changed the direction to a consumption driven economy, people’s desire for luxury began to burst out.

Currently, major department stores in Korea sell various kinds of luxury brands from all over the world. People’s amicable attitude toward luxury goods creates an excellent market environment. As a result, sales ballooned up to 3.1 billion US dollars, the similar in size to Hong Kong’s luxury market (Radha, 117).14

5. Part I: Old Generation and Social Transition

The older generations often say the phrase, “conservation is a virtue” to the current younger generation. On the other hand, the current young generation often does not comprehend their parents’ position on consumption. Various elements can account for the two generations’ different viewpoints on luxury commodity and consumption patterns.

The sensitivity of hierarchy evokes the fear of identification. As a result, the upper class displays a greater desire for luxury items for better distinction and acknowledgement. People in South Korea have an unusual sensibility for hierarchy. Deciding ranks in a group is a common behavior in all community types. According to ages and positions, Koreans have determined their social levels and maintained their ranks in groups. The sensitivity to stratification begins from the early childhood period. Contrary to Western culture, Korea, being a kin-based culture, has a clear social hierarchy in family members and relatives. Based on ages and kinship, titles and ways of talking are decided. For instance, younger siblings respect the older siblings and use names with specific titles to represent family hierarchy. In schools and workplaces, the ranking system continues.15

14 Radha Chadha, and Paul Husband. The Cult of the Luxury Brand, 177.
15 Rhie, Won-bok. Korea Unmasked: In Search of the Country, the Society and the People. Translated
Koreans have a strong desire to set ranks with others because the caste system and traditional Confucianism are embedded in Korean society. The distinct inclination toward social stratification was influenced by the historical social structure. Before the Japanese colonization period, the social gap between nobles and commoners was enormous. Various limitations on commoners restricted their freedom and the Korean caste system’s beneficiaries firmly preserved privileges. Commoners did not have a chance for an education while they bore the burden of taxation and conscription. Social mobilization barely occurred. In the late 17th century, some wealthy peasants could purchase noble titles from the ruined upper class. Although a visible social classification does not exist in present Korea, the introduction of capitalism reinforced social stratification through money as a new standard for class differentiation.

When a Korean’s sensitivity to hierarchy is connected with consumption, the high class starts to fear identification by others. “In order to gain and to hold the esteem of men it is not sufficient merely to possess wealth or power. The wealth or power must be put in evidence, for esteem is awarded only on evidence.”16 In a society with a large population that prevents people from acknowledging social classes, people of high status tend to desire being distinguished from others. Luxury commodity was not the only measurement for wealthy people to be distinguished from other social classes as usual. Traditional wealthy families in Europe displayed their social positions through invisible aspects such as sophisticated knowledge of the arts, ballets, manners, and unique family traditions. However, the social circumstance seems different in South Korea. In contrast to the long history of wealthy families in

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Europe, the development of the South Korean economy took less than 60 years. Rapid economic development and disrupted history only produced a wealthy class without the cultural value of nobles. People had a lack of wisdom when dealing with unexpected fortunes and began to distinguish themselves from others through only wealth. Luxury commodity became an appropriate social status marker because the good displayed the high class’ economic capability and exclusiveness. Possession of the luxury product relieved their fear and strengthened their social position.

Luxury commodity consumption has a strong relationship with a unique Korean trait, authentic favoritism. Around the globe, no other country puts so much emphasis on the idea of authenticity as South Korea. From a historical aspect, Koreans’ attitude toward genealogy describes their love for legitimacy and authenticity. The older generations still consider the roots of the family and a pure Korean bloodline. Around the streets in Korea, numerous restaurants put the term, ‘original,’ on signs to emphasize the authenticity and long tradition of their foods. People’s preference for authenticity, without impurities, is not limited to food. 17

The people’s preference for authenticity derives from historical experience. Korean history is often referred to as the memory of resistance against barbarians. In the nation’s history, Koreans have suffered from continuous external threats that gradually molded the national consciousness that the Korean people should protect not only the country but also Korean national identity.

Heungseon Daewongun, the regent of Joseon period in 1860s, depicted a good example of Korean mentality toward the West and how the favoritism of authenticity developed. “All countrymen are hereby warned that not to fight against

17 Rhie, Won-bok. Korea Unmasked,
the Western barbarians that invade the country is committing an act of compromise, and that to compromise is committing an act of treachery. Composed in 1866 and erected in 1871."\textsuperscript{18} This is the phrase engraved on Cheokhwabi, the anti-compromise stele. During his regime, French ministers came to the land to evangelize commoners and became potential threats to the established authority. Enlarging the number of believers gradually brought great and small discords and the prince, Heungseon, resisted which caused the death of nine French ministers and eight thousands Korean Catholics.\textsuperscript{19} In response to the catastrophe, the French government invaded. The French plundered cultural properties and set fire to government offices which eventually ignited the fierce anger of the prince.\textsuperscript{20} As Korea strictly respects Confucianism, vandalizing cultural properties means damaging their ancestors’ spirit and is an unforgivable action. As a result, the prince closed the border and isolated Korean territory.

Koreans’ love of authenticity was conducive to luxury commodity consumption. The long history of High-end brands and their traditional value attracted people. If the brand’s history was attached to the Western royal families such as Louis Vuitton and Chaumet, the attractiveness would be doubled. For Koreans who had lost many traditional values through invasions, a luxury goods’ inherited traditional value could fulfill people’s desire of authenticity to some degree.

Collectivism in the early 1960s represented social unity and nationalistic commitment. People worked together not for each member’s own interest but for a

\textsuperscript{18} Cheokhwabi, Cultural Heritage administration of Korea
\textsuperscript{19} A large scale repression conducted by the prince, Daewongun, in 1866. Ancient China’s hostility and noble’s opposition on Catholics were primary reasons of the event.
\textsuperscript{20} An invasion, in response to Catholic oppression, occurred in 1866. Original purpose of incursion focused on new trade routes and the failure of France forces resulted in reinforcement of Korea’s isolation
reconstruction of South Korea and the benefit of the whole community. President Jung-Hee Park’s new community movement accounted for a patriotic aspect of collectivism. The campaign’s initial aim focused on an urbanization of rural regions. The government encouraged farmers to work together and put an emphasis on the cooperation of workers. The movement was successful. In 1975, the movement was expanded to urban and industrial areas. The importance of collectivistic work outweighed individual welfare during this period. The collectivistic thought had a negative effect on luxury consumption in the past. In order to revive Korea’s economy, the government restrained consumption of imports and people willingly purchased domestic products. Although the high class still pursued prestige goods, people had a negative perspective toward lavish luxury consumption and the atmosphere naturally suppressed desire for luxury.

Older generations understand the fear of hunger. From 1910 to 1945, the Japanese government colonized Korean territory. During Japanese colonization, Korean people underwent severe discrimination, hunger, and poverty. Many Koreans were dragged into mining camps and the military. Without proper nutrition, many Koreans lost their lives. The colonial government forced Korean youths onto the battlefield during the Sino-Japanese War in 1943. Food crops raised on Korean territory were used to feed Japanese soldiers and Koreans went through constant food shortages. Although Japan set up economic infrastructures, the establishment of railroads and ports was primarily for the use of transporting agricultural products and barely benefited the Korean people.21

People who have lived in 1950s have undergone economic devastation due to

the Korean War. The ideological battle between the North and the South forced people to live in extreme poverty. They lost their homes and had to depend on foreign assistance. Huge casualties were suffered from the extreme hunger and malnutrition that took the lives of many war orphans. War survivors searched for anything worth selling in collapsed buildings and ruins. Children also had to encounter the dangerous blind shells and mines inside ruins on a daily basis in search for food. Due to this experience, the old generation wants to be prepared for the next disaster. The current armistice between North and South seems insecure and painful memories from the past have fostered the habit of thrift and saving for their children. As a result, the old generation favored saving while luxury consumption decreased.

The Canadian scholar, Marshall McLuhan, coined the phrase, “The medium is the message.” He addressed that medium is not merely a container of various contents but the medium itself plays a significant role in society. Media truly have a great influence on people and are closely related to mass consumption. People obtain information through advertisements and the media stimulates the willingness of people’s consumption.

The difference between old and current young generation periods lies in the media’s primary objectives. In retrospect, South Korea had much less freedom of mass media until the late 1980s. Until the reassignment of President Chun Doo-hwan in 1988, South Korea had dictatorial overtones and political oppression. The media often had played a role in advertising the government’s political and economical policy. The number of advertisements was not even enough to attract customers.

A proverb says that to see for oneself is worth all books of travel. Compared

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22 Korean war: the shadow of the war, episode 7. KBS, August 10, 2010.
to radio and newspaper, television entertains more human senses and requires fewer efforts to obtain information. At the same time, TV arouses a stronger desire for consumption. Television, one of the media types which has a strong influence in consumer expenditures, was not universal until 1980. The distribution rate only reached 10 percent in 1970 and the ownership of a television represented family wealth during that time. Korean history records depicted the idea. People in small villages gathered together in one house and watched TV. It took one decade before the majority of Koreans began to enjoy television. In 1985, color TV distribution rates reached half of the population. With people’s frugal mindsets, however, the average hours of watching remained low in numbers. A lack of advertisements and a low TV penetration rate restrained consumption.

Young and old generations differ in education, a difference that affects the two groups’ consumption patterns. In a strict and militarized political atmosphere, the parent generation received an education focused on cramming and memorization while students could not raise doubts of what they had learned and teachers neglected personal creativity. The strict education derived from the Japanese colonial period and coerced passive attitudes. Eventually, the militarized education system in Korea allowed the government to expand propaganda. During the authoritarian regime, the government’s nationalistic campaign concerning domestic products created the mood that people who purchased imported goods were regarded as traitors. The quality of products did not really matter because nationalism always came first. The campaign, using domestic goods as an act of patriotism, distorted people’s objectivity and older generation still feels uncomfortable to purchase luxury goods.

6. Part II: Current Generation and Luxury Consumption
In contrast to ancient Korea where a strong hierarchy and a limited accessibility of luxury commodities existed, contemporary Korean society can be characterized by materialism and a universal access of luxury goods. The introduction of capitalism and rapid economic growth changed the traditional norm of hierarchy in South Korea. Japanese colonization eliminated Korea’s traditional noble culture. The high class in Korea was wealthy but could not maintain the spiritual and cultural manners and values of what previous nobility had. Wealth became a prime marker of social class in contemporary Korean society. The absence of the traditional high-class culture had a serious impact. The new wealthy class failed to learn the traditional yangban culture and began to imitate the high class of the West. The pitiful thing was that the high class in Korea merely adopted a materialistic attribute and ignored the moral and cultural values of Western nobility. As a result, wealth became a significant factor which determined people’s social status.

Overall, the whole Korean community represents upward mobility through luxury consumption. Lack of a traditional aristocratic way of life, reckless imitation of Western high-class culture, and the easy accessibility of a luxury commodity encouraged most Koreans to pursue a higher status. Various aspects account for the phenomena of the whole society’s upwardness.

Consumption in the present society has to be understood as a symbol. The representation of social status through visible objects seems to be the one primary cause for luxury brand consumption. In different ancient civilizations, only elites and a few privileged social class members could enjoy certain products and those goods became the symbol of wealth and power. For instance, Mintz explained how sugar

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was regarded as a luxury item in England. Until the 18th century, the nobility consumed a large quantity of sugar in their diet while the ordinary class barely had access to it.\textsuperscript{24} An ancient Egyptian king’s golden mask or wand also expressed the exclusiveness and hierarchical power of certain selected people. Korean’s colonization and war experiences implanted a desire for freedom and success but economic growth did not benefit everyone. The government established the current economy based on a couple of select major companies. Those people who occupied major companies, called “Chae-bol”,\textsuperscript{25} received the most incentives from Korea’s rapid economic development. Eventually, some people had money to purchase luxury goods while others didn’t. With emerging new class differences measured mostly by the amount of capital, privileged people needed something that differentiated them from others as well as displayed wealth and power. That was where luxury brands stepped in. Although there are various luxury goods with different price ranges, the price of most luxury goods is high enough that ordinary people hardly purchase them. For instance, the average Louis Vuitton tote bag costs around 2,000 dollars and the price is equivalent to other people’s living expenses or a month’s salary. Through the luxury goods which only some people can afford, those people in high status wish for acknowledgement and apparent class distinction.

The Western supremacy in Korea leads to favoritism for Western products. As a result, a luxury commodity attracts more people as a tool for social status indicator. When the sensibility on hierarchy is related to the nation, it turns into an envy of the West. In other words, people admire Western culture or products and relatively


\textsuperscript{25} The term indicates a group in corporations consisted of family members or relatives. Often family runs companies and inherits positions within the family members to secure wealth and power.
devalue their own society. A Russian professor of Korean studies addresses Korean people’s preference for West-centrism. According to his observation, people with white skin color are the only foreigners. Koreans tend to belittle people from countries other than the United States and Europe. The triangle formation: the West, the East, and the rest. The fact that Korean people believe this creates the worship of western countries and the ignorance of the others. Tikhonov warns Koreans for their dichotomous thoughts. The tendency is enlarged to commodities as well as cultural aspect. People have strong faith in products from the West and the possibility of purchase increases regardless of the product’s quality. This is called the ‘country of the origin effect.’ According to the report on the relationship between country of origin and luxury product, consumers prefer to use the country of the origin as a decision tool in purchase. In other words, the image of country mostly determines the possibility of luxury commodity consumption.

Interaction between COO and Brand for Luxury Products

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<tr>
<th>Low</th>
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<tbody>
<tr>
<td>Importance of the luxury brand into product purchase decision</td>
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<tr>
<td>Low</td>
<td>High</td>
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<tr>
<td>The product is purchased mainly because of the brand itself and its clear national origin</td>
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<tr>
<td>The product is purchased because of a combination of multiple factors</td>
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<tr>
<td>The product is purchased for the national component that incorporate the Brand</td>
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<tr>
<td>Brand COO identifiability</td>
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</tbody>
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26 Tikhonov, Vladimir. *Your Korea*, (Seoul: Hankyoreh publisher, 2001)
The table above illustrates how much emphasis people put on the country of origin (COO) on luxury commodity consumption. Although other categories affect consumer’s product purchase decision to some degree, four clusters of well known European luxury brands mostly lie in the national origin section.

Egalitarians demand equality in some degree; people should have an equal opportunity, treatment, and respect. A human being seems to seize a strong sense of equality. That is, people do not want to fall behind and tend to be equal or better than others. Korean people’s misfortune in Korean history is that the government and people could not punish those who had achieved enormous profits during the Japanese colonization and military regime. Those privileged people maintained the wealth and power by siding with the authorities and inherited privileges to the past generation. This unfairness in Korean society gradually evoked conflicts between have and have-not. Those who have-nots’ sense of deprivation and anger have been grown deeply within Korean society. The recent news describes the battle between the government and pro-Japanese group’s offspring about the ownership of territory worth 200 million dollars and people’s resentment on the issue illustrated a good example on the sensitiveness of equality. When the government and civil institutions stripped an offspring of a past Japanese collaborator’s ownership of lands, he sued the government for the return of the land and many people blamed his action. The

27 Astrid Siebels, Bruno Godey, Daniele Pederzoli, Gaetano Aiello, Klaus-Peter Wiedmann, Nadine Hennigs, and Raffaele Donvito. Luxury brand and country of origin effect: results of an international empirical study. 7th international congress – marketing Trends Venice
28 Stanford Encyclopedia of Philosophy, s.v. “Egalitarianism.”
majority of Koreans were sensitive in unfairness of accumulating assets and seized a negative viewpoint on wealthy people related to Japanese collaborators due to their unequal opportunities and wealth.

In South Korea, people often say the proverb, “An envious man waxes with the fatness of his neighbor.” The phrase implies how sensitive Envy means the feeling that admires someone with more resources and tends to be universal. According to Rolf Haubl, Germanist and psychologist, people express three different styles of envy: lethargic, hopeful, and furious envy.30

Nan-do Kim, professor and author of Luxury Korea: Extravagant Nation, disagrees with Rolf Haubl’s description. He raises a question that the three categorized types of envies cannot fully explain the Korean middle class’ unconditional love of luxury. Many people in Korea seem to seek relief from envy through luxury consumption. Prof. Kim suggests another category: envy of identical position.31 It is the idea that a person wishes to diminish jealousy of others by the process of equalization. That is, by an achievement of equivalent feeling that a person is not inferior or falling behind others, he/she achieves relief. Ordinarily, the problem lies in the limited possibility of imitating others. The acquisition of the high class’ invisible cultural attributes such as manners, behaviors, and educational knowledge requires a fairly long time. That is why people turn their attention to visible consumer goods. When people begrudge others of higher social class and wish to resolve the sense of inferiority, the result will turn up through the same luxury commodity consumption of the wealthy class. That is, people envy the lavish life of a higher

31 Ibid, 87.
When the trait of egalitarianism meets consumption, the desire for identification with the upper class occurs. Everyone wants to be approved and respected by others. The culture of high society, however, cannot be obtained within a short time. The intrinsic cultural values of the traditional upper class require time and effort. In addition, South Korea lost the visible role model of the noble class during Japanese colonization which cut off the ancient Korean’s high class values. Naturally people turn their eyes on an extrinsic element, luxury commodity. Through the possession of prestige products, people temporarily identify lifestyle with those of the upper class. People in middle class, however, encounter financial limitation. Consumer specialist Nan-do Kim explains how people imitate the life of high class regardless of financial burden through the theory of one luxury commodity.

The relationship between luxury product possession and identification


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33 Ibid., 70.
Among various kinds of luxury commodities, the act of possessing one identical product produces the linkage between two social classes. The desire and envy of the upper class lifestyle promote the luxury consumption which attempts social class identification. The behavior functions as a mitigation effect. The peculiar aspect is the response of the upper class. When the middle class consumes more and more luxury products and imitates upstream, the upper class begins to run away to secure the social position as well as eliminates fear of identification with the lower class. In other words, the upper class is reluctant to be assimilated with other people. This continuous action of chase-and-flee promotes luxury commodity consumption.

Narcissism, the love of oneself, seems to be a relatively recent phenomena in Korea. The term originated from a Greek myth, the story of Narcissus who fell in love with a reflected image of himself and starved to death. The current young generation in Korea spends much time on decoration. The more society stresses external factors such as cars or clothing, the more people invest in appearances. The economist, Radha Chadha, describes Korea’s beauty obsession. “In the new Korea beauty is quite literally power, and women do what they can to get ahead, giving rise to a nation of budding Cleopatras (p.183).” Current Korean society creates the atmosphere in which people value appearance the most. Companies tend to hire attractive workers and beauty provides advantages in many aspects.

In the movie Pretty Woman, there is a scene where an escort girl is transformed into an upper class lady with expensive clothing and jewelry. It is common that human beings strive for better life and sometimes people want to live a completely different life.

34 Garry Marshall, Pretty Women. DVD, (Los Angeles, CA: Touchstone Pictures, 1990)
Rene Girard suggested the idea of mimetic desire to explain the current phenomena of adolescents’ desire to imitate others. Although people pursue ideal self-images, the thoughts are actually derived from models. By imitating the intermediary, people believe that desired self-images can be achieved. In South Korea, singers, athletes, and entertainers become the role models. The media portrays external images and puts the thought of transformation into people’s minds. Through luxury commodities, the media reinforces the idea that prestige goods will lead people to their ideal figures.\(^\text{35}\)

Korean people’s collectivistic behavior derives from different parts of their lives. High mountain ranges and spreading river branches divided the terrain which produced regional diversity. Various school uniforms instilled the sense of belonging and adolescents developed their identities within communities. The newly released movie, “Tokyo Taxi” illustrates Korea’s community-oriented behavior. The story begins when a customer who cannot ride an airplane due to an accident takes a taxi from Japan to Seoul, Korea. When the Japanese taxi arrives at Pusan, in the southern part of Korea, taxi drivers notice the different appearance of the Japanese taxi which creates misunderstanding; the Korean drivers chase it as a group.  

The director intentionally depicts Korean people’s collectivism-oriented lives. The leader of the Taxi Company said that we would not forgive someone who gets in our turf. The use of subject, ‘we’ rather than ‘I’ also represent the strong sense of Korea’s community-oriented life.

Collectivism is the opposite concept of individualism. While individualism respects the uniqueness of every member of the community, the groups come first in collectivism. “Asian’s membership of a collective shapes their identity, and as a result they emphasize the views and goals of the groups they belong to.”

One newspaper article explains the sense of belonging more clearly. Two high school students went to a place called ‘Itaewon’ to purchase a fake luxury brand bag and discussed which one looked more like the authentic bag. One girl responded that she felt cool and special when she held a luxury brand bag even if the bag was a replica. “When one student buys a luxury product out of desire to stand out among a crowd, other students start to

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36 Kim, Tae-sik. *Tokyo Taxi*, (Korea and Japan: Filmline, 2010)  
37 Radha Chadha, and Paul Husband. *The Cult of the Luxury Brand*, 68
The sense of belonging is a very important matter for young people because adolescents develop self-consciousness within communities.

South Korea is also a highly competitive society. It is not clear what primarily creates this environment but ubiquitous comparison with others is endemic. The introduction of luxury brand commodities incites more competition. Students constantly compare and compete with other classmates and career women keep their eye on colleagues’ appearances. It is not limited to education and knowledge. People constantly strive for the best to win over others. The strong sense of superiority, possibly evolved from the subjugation experience, stimulates people to look for luxury goods. Luxury brand commodities have the characteristics of exclusiveness, wealth, and power. By achieving prestige goods, people desire to be acknowledged and admired.

In 2007, the United Nations warned against Korea’s strong homogeneous consciousness in a racial discrimination report. “The principle of the “pure-blooded”, based on the Republic of Korea’s pride in the nation’s ethnic homogeneity, has incurred various forms of discrimination, largely invisible and not illegal, against so-called “mixed-blooms” in all areas of life including employment, marriage, housing, education and interpersonal relationships.”

Korea’s attitude toward pureness and legitimacy still remains in people’s minds regardless of Westernization and globalization.

When the favoritism of pureness and legitimacy meets consumption, people

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39 Reports submitted by state parties under article 9 of the convention: Republic of South Korea, Committee on the elimination of racial discrimination (CERD)
seek and respect a commodity with a long tradition and aspects of originality. In this regard, the Korean people value European countries’ image of prestige and workmanship, which symbolizes pureness and legitimacy.

The obsession of luxury commodity consumption is not caused by one aspect. Korea’s positive attitude toward the West boosted the consumption. The upper class’ fear of identification promotes more luxury commodity expenditures. At the same time, people in middle class strive to imitate the high life style through the process of identification or transformation. Ascending credit card usage, luxury brands’ unique marketing tactics, and scarcity also explain increasing luxury commodity consumption.

The current young generation in Korea is far from hunger. Sixty years of economic improvement and peace brought a prosperous life. People could enjoy various foods from different countries. More youth show indifference to the possibility of warfare. The dissimilar social atmosphere encourages the young generation to enjoy life and the primary concern lies with oneself.

Today, current households enjoy satellite broadcasts which provide more than 200 channels and much information. In contrast to the past, television is full of direct and indirect advertisements which stimulate more consumer expenditures. The emergence of worldwide connection also changes the generational consumption pattern. South Korea is well known for the Internet. According to the Korean statistics bureau, Korea’s Internet distribution rates reached 81.2 percent, the highest in the world in 2009.40

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40 Korea Internet and Security Agency. the report on children's Internet usage. 2007. http://isis.kisa.or.kr/board/index.jsp?pageId=060200&bbsId=3&itemId=769&pageIndex=1 [accessed
In other words, eight out of ten people in South Korea have access to the Internet. In contrast to other types of media, the Internet provides the young generation with more sophisticated information access and convenient expenditure methods such as home shopping. With the Internet’s fairly unlimited access, current youth are much more exposed to consumption culture.

Consumption slowly replaced entertainment culture in the current younger generation. It is common to come across children walking around with portable game devices. More adolescents spend time alone and create relationships in cyberspace. The researcher, Hae-Moon Pyen, complains of the current kids’ play culture. He mentions that children in South Korea do not know how to play. They gradually forget who they are and step in the world of consumption by imitating adults. In late 1960s, every object around town could be a toy. Girls used soft drink lids, old clothes, and sand for playing house while boys wonder as groups around town until night.

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August 2, 2010

Although kids in the past were not wealthy, they could enjoy daily life with imagination and learned social behaviors through friends. In contrast to the parent generation, however, current children face too many choices. From small toys to online games, products targeted at children come out continuously. These products stimulate children’s senses and companies incite children to consume more and more. The early Internet use in children also fosters consumption. The internet provides vast information which allows kids to imitate adults’ behavior. The Internet has become one part of children’s play and life culture: 51.9 percent of children aged 3 to 5 years old enjoy the internet and 98.1 percent of elementary school students are internet users.

The declining birth rate changes parents’ attitude toward their children. More families prefer an only child for economic and social reasons. In the past, a high infant mortality rate resulted in high birth rates. In addition, Korea’s current parents feel the growing burden for child support. One child preference produces little empire syndrome. The term initially came from China. When the Chinese government implemented an one-child policy to prevent over-population, parents solely paid attention to one child and tried to provide the best things they could give. In South Korea, the only child trend is prevalent. Parents often desire their children to be the best or at least better than others. When the sense of competition meets little emperor syndrome, the luxury consumption for children emerges. “The expectations appear to be higher than ever for your child to achieve academically, socially, athletically starting at a very young age. So we as parents want to give them all the tools

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necessary to do… along the way the best of the best in everything from food to clothing.” Within five years, famous European luxury brands began to produce children’s clothing in response to high demands.

The Korean government took a new direction on economic policy at the end of the financial crisis in 1997. Intervention of the International Monetary Fund (IMF) on domestic economy and a fragile domestic market pinpointed problems in the Korean economy. Rather than boosting the economy through personal savings and frugality, the government reinforced consumption. Therefore, South Korea started every possible economic strategy from low interest rates to expansion of loan and tax exemption to stimulate consumer expenditures. When the government lowers the interest rate, personal expenditure increases. Gradually, families spend more money on other investments such as real estate and stock markets.

Until the mid 1990s, the Korean government promoted a frugal mindset through various national propaganda campaigns. In order to achieve the high economic development of the past 40 years, the older generation sacrificed the benefits of consumption culture and saving money for further development. The government lacked capital in the beginning of the development period, even though the United States and other foreign countries provided financial aid. The need for domestic money led the government to restrain consumption and encourage savings. Numerous public campaigns reinforced the idea of frugality. However, the prime purpose was accumulation of capital rather than consumer’s benefits. South Korea’s

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rapid economic development was related to an unbalanced economic plan. The government concentrated on huge companies and maximized those companies’ profits through trade barriers, cheap labor, and tax exemption. Eventually, the government policy became the prime cause for income polarization and the economy was reshaped for the sake of wealthy people.

The United States conducted an experiment about the relationship between consumption and credit cards. The test examined the different amount of tips when people pay with cash or credit cards. The results demonstrated that people paying with credit cards give an average of 13 percent more than people with cash. Plastic cards often blur people’s judgement and make them vulnerable with respect to money. In addition, the introduction of credit cards eliminates a psychological burden. When people borrow money from relatives or institutions, social uneasiness accompanies it. People may encounter the feeling of rejection and have to struggle with additional interests. However, credit cards’ cash withdrawal does not require formal documents and let borrowers access money easily. Another attractive aspect of credit cards is that people can set up an installment plan. Generally, credit card companies in Korea permit a maximum of 36 months of installments. Sometimes, different stores offer installment plans without interest for up to six months. The plan seems convenient for customers because people can diminish the burden of high price. Nevertheless, ordinary credit card interest starts from 15 percent, which can produce serious financial trouble in the long run. Easy installments also instigate unnecessary spending. South Korea did not used to be a credit-based society. People tended to utilize cash and were not familiar with credit card use until the outbreak of the IMF

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crisis. During the financial crisis in 1997, one of the Korean government’s approaches aimed vigorous capital flow in domestic market. Banks and other firms began to issue credit cards and encourage consumer expenditures with tax break benefits and easy 12 month installments. “You have to have them to maintain your self-esteem, even if doing so calls for self-sacrifice.” The indiscreet credit card expansion strategy even allowed college students to obtain credit cards. Banks only required a name and national identification number. In accordance with effortless installment plans, luxury brand sales reached their zenith. As a result, between 1999 and 2002, every adult carried an average of four credit cards and credit card usage reached 114% of the GDP. In addition, people’s household debts increased to 70% of the output in 2002. The optimistic atmosphere of economic recovery after the IMF crisis also encouraged imprudent credit card usage.

7. Conclusion

Luxury addiction is not a unique phenomena. The tendency can be found all over the world. People in the West also purchase prestige items as status markers. The upper class enjoys the exclusiveness that luxury goods provide. Nevertheless, the obsession in Korea seems outstanding. Most second and third floors in department stores are filled with various luxurious brands and young people spend most of their monthly salary to purchase designer label goods.

Thirty-six years of Japanese Colonization and the dreadful Korean War brought a change in the hierarchical system. Disappearance of traditional nobility and rapid economic growth produced the wealthy class without cultural and spiritual heritage. Money eventually became a social marker of the high class. Appearances

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46 Ibid.
and visible aspects started to determine the high class and the wealthy people failed to
revive the values of nobility.

Different Korean traits account for the prestige addition of the current
generation. A visible class distinction had been gone since Japanese colonization and
a lack of nobility culture created a high class mainly determined by wealth. Young
people, as a result, seek for luxury goods as a means of differentiation and as a
representation of high social status. At the same time, the Western-centrism was
conducive to luxury consumption. Imprudent imitation of Western noble culture
merely amplified a desire for Western commodity. The attitude which favors Western-
made products encourages people to purchase more European luxury goods. Koreans
are susceptible to equalitarianism. The middle class envies and imitates the life of the
upper class. Through luxury possession, people equate their lives with those of
wealthy people. Emerging narcissism promotes the young generation’s adornment.
Through emulation of entertainers from the media, people attempt to achieve ideal
figures. Young people put an emphasis on external factors and strive to purchase
expensive goods which many entertainers have. Asian collectivism creates the sense
that people are afraid of being excluded and follow consumption of fellows. The sense
of competition also encourages the purchase of more luxury goods to win over others.
Korean’s love of authenticity also accelerates luxury expenditure due to a long history
and origin of the West.

There is also an economic factor that causes luxury consumption: the
introduction of credit cards. Plastic allows people to purchase products without money
and encourages consumption. Rapid expansion of credit card uses and easy
installments eventually increase the sale of luxury brands. Another element is the
nature of luxury industry. Various designer brands target the upper class due to its
impacts on broader markets. In addition, the limited quantity arouses people’s possessiveness which encourages continuous luxury consumption.

Various aspects can explain generational differences on luxury. The prime factor was a transformation from old social hierarchy to new social stratification. The old people’s war and hunger experiences prevent lavish consumption. The media was only for the purpose of spreading national propaganda in the past and the government promoted savings and the consumption of domestic products. The young generation, by contrast, enjoys economic abundance from rapid economic development. The media is full of advertisements and the government also encourages consumption for expansionary effects on domestic economy after 1997. The emergence of the Internet provided more information of products and home shopping creates a convenient consumer life. A change of kid’s play culture leads to the imitation of adults and little emperor syndrome fosters parents’ overprotective behavior.

These findings provide diverse causations of luxury consumption and an explanation of different generational consumption patterns. After people comprehend the luxury phenomena and its sources, the current luxury obsession of young people can be more clearly explained. In addition, two different generations can recognize one another’s different consumption attitudes.

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