

K-Fashion's Global Impact: South Korea Navigates Inflation, Sustainability, and

Fashion Trends · Answer Key · 13 Questions

1. South Korea's luxury goods market has experienced significant 'K-shaped polarization.' Which of the following best describes this phenomenon in the context of fashion consumption?

- A) A surge in demand for mid-priced, everyday wear as consumers seek value.
- B) A decline in the mid-priced market, with consumers increasingly choosing either ultra-low-cost options or high-end luxury goods.**
- C) A balanced growth across all price segments due to increased disposable income.
- D) A shift towards vintage and second-hand luxury items due to economic concerns.

2. How has the global emphasis on sustainability influenced South Korea's fashion industry?

- A) It has led to a complete abandonment of fast fashion by all major brands.
- B) The government and industry are increasingly adopting eco-friendly manufacturing processes, recycled materials, and circular fashion initiatives.**
- C) Sustainability has become a marketing trend with no significant changes in production methods.
- D) South Korea is resisting sustainable practices to maintain its competitive edge in fast fashion exports.

3. What is a primary reason cited for the 'stickiness' of inflation in South Korea's fashion market, making it harder for monetary policy to control?

- A) A general decrease in the availability of imported clothing.
- B) South Koreans' strong preference for luxury labels, which weakens price elasticity and allows global distributors to maintain higher prices.**
- C) A lack of domestic production leading to higher import costs.
- D) Government subsidies for fashion retailers increasing the cost of goods.

4. The South Korean government launched the 'Apparel Environmental Council' in May 2025. What is its primary objective?

- A) To promote international fashion collaborations.
- B) To increase the export volume of fast fashion.
- C) To reduce the environmental footprint of the fashion industry across its lifecycle through policy and collaboration.**
- D) To subsidize domestic fashion brands for marketing campaigns.

5. In the context of South Korea's export economy, how have global events like the Iran conflict in early 2026 impacted the fashion and textile sectors?

- A) It has primarily benefited the fashion industry by increasing demand for protective clothing.
- B) It has led to a decrease in raw material costs due to decreased global demand.
- C) It has increased raw material costs due to surging global crude oil prices and exacerbated shipping conditions, impacting trade flows.**
- D) It has had no significant impact on the fashion industry due to its focus on domestic consumption.

6. Which factor is increasingly influencing South Korean Gen Z consumers' fashion choices, creating a gap between acknowledgment and understanding of sustainable practices?

- A) A strong desire for fast-fashion trends promoted by social media influencers.
- B) A growing consciousness for sustainable choices, though a gap exists between awareness and deep understanding of corporate green initiatives.**
- C) A complete rejection of all foreign fashion brands in favor of purely domestic ones.
- D) A primary focus on affordability, regardless of environmental impact.

7. What has been a significant trend in South Korea's consumer market, impacting the fashion sector, due to high inflation and a widening income gap?

- A) A steady growth in the mid-range fashion market.
- B) Consumers are increasingly opting for either ultra-low-cost, high-value products or expensive luxury goods, shrinking the mid-priced market.**
- C) A decline in the popularity of both luxury and budget brands.
- D) A preference for domestically produced, mid-priced fashion items.

8. South Korea's fashion industry is seeing initiatives to combat waste. For instance, the government announced an investment to support advancements in technology for recycling which type of fiber, forming the largest portion of discarded textiles?

- A) Cotton
- B) Wool
- C) Polyester composite fibres**
- D) Linen

9. How has the weakening of the Korean won against the U.S. dollar in recent years (e.g., past 1,480 per USD in late 2025) impacted the luxury goods market in South Korea?

- A) It has made imported luxury goods significantly cheaper for Korean consumers.
- B) It has increased import costs for European luxury goods, potentially redirecting some consumers to domestic boutiques.**
- C) It has caused a complete withdrawal of European luxury brands from the South Korean market.
- D) It has had no discernible effect on the price or availability of imported luxury fashion.

10. According to the Samsung Fashion Research Institute's 2025 outlook, what keyword best describes the South Korean fashion industry's focus amidst economic uncertainty and weakened domestic demand?

- A) AGGRESSIVE
- B) EXPANSION
- C) BACKFILLED**
- D) DISRUPTION

11. What significant environmental concern is highlighted regarding South Korea's large volume of discarded clothing and its export practices?

- A) Most discarded clothing is effectively recycled domestically.
- B) South Korea lacks a regulated textile recycling infrastructure, leading to a low recycling rate (around 12%) and significant export of used clothing to other countries.**
- C) All discarded clothing is repurposed into new fashion items within South Korea.
- D) The government has banned the export of all used clothing.

12. The success of K-beauty exports, which saw South Korea become the world's third-largest cosmetics exporter in 2024, is largely attributed to:

- A) A focus on traditional, low-tech skincare formulations.
- B) Government subsidies alone, without product innovation.
- C) The K-Wave (Hallyu), digital virality, relentless innovation, and unique ingredient-focused formulas.**
- D) Primarily targeting only the Chinese market.

13. What trend is impacting the Korean luxury fashion market, leading to a decrease in the sales share of luxury items in department stores and on e-commerce platforms?

- A) Consistent price reductions by luxury brands.
- B) A shift away from conspicuous consumption by younger consumers and rising prices from luxury brands.**
- C) Increased competition from mid-priced fashion brands.
- D) A decline in overall consumer interest in fashion.