This chapter explores a case in which Korean popular culture sells a place associated with the cosmetics industry. While the cases in the previous chapters were about the local government’s intervention to employ K-dramas and K-pop idols in place marketing, this chapter examines a casual process in which Hallyu has indirectly but greatly accelerated the globalization process of Myeong-dong, one of the biggest commercial districts in Korea. Although there is no drama and K-pop production centers aggregated in Myeong-dong, people can feel the Hallyu atmosphere more in this area than anywhere else through an urban landscape that is excessively decorated with K-star images. Employing K-pop idols as their brand models, cosmetics retail stores display the predominant Hallyu images. To consume both the Hallyu images and Hallyu-constructed Korean beauty, numerous foreign tourists are flowing into Myeong-dong, reconfiguring the area’s retail landscape and place identity. Deciphering the triangular relations between Korean popular culture, Korean beauty ideals, and the cosmetics industry, this chapter offers detailed discussions about Myeong-dong’s recent place
reconfiguration associated with the projection of Hallyu desires and global flows. I argue that the multirealm global connections—the globalization of Korean pop culture, the construction of Korean beauty inspired by Hallyu, the global expansion of the Korean cosmetics industry, and the Hallyu-driven transnational tourism—complicate Myeong-dong’s place meanings by turning the area into a site for the projection of Hallyu desires associated with capital accumulation.

Myeong-dong: Brief History and Recent Globalization

Myeong-dong, now a commercial district in central Seoul, dates back to the Chosun dynasty (1392–1910), when it was called “Myeongryebang” (meaning “bright village”) and was mostly a peripheral residential area where lower-level officials and merchants resided. The area was first open to outsiders around the late nineteenth century, when the peninsula emerged as a lion’s share for contention among the neighboring powers. In 1882, to control the Imo Incident (a military revolt), the Chosun government requested support, and in response, Qing sent three thousand troops and about forty merchants. These men did not return back to their country after the situation was subdued. In 1884, the Qing Office of General Affairs and Chinese Hall—the equivalent of the chamber of commerce for Qing merchants—was built in present-day Myeong-dong. In 1885, Japanese merchants were also granted legal residency. They mostly lived in southern Myeong-dong, at the foot of Nam Mountain, where the Japanese Consulate was located. As the number of foreigners residing in Seoul grew, the Chosun government made agreements with the diplomats of each country to restrict the areas where they could live. Present-day Myeong-dong was designated as the Chinese concession, while the area south of it in present-day Chungmuro became the Japanese settlement (Chun 2012). The presence of global forces seemed to create a cosmopolitan ambience in Myeong-dong: it was the space of the “Other” occupied by foreigners.

In the aftermath of the Sino-Japanese War (1894–1895), most Qing merchants returned home while the Japanese took over the Chinese concession. After Japan’s victory in the Russo-Japanese War that broke out in 1904 and throughout Japanese colonial rule (1910–1945), Myeong-dong and Chungmuro became a hegemonic space through which Japanese colonial
control was entrenched. Colonial administrative, commercial, and financial institutions—such as the Japanese General Government Building, the Bank of Japan, Chosun Commercial Bank, and Teikoku Life Insurance—were constructed in the area, visually asserting the colonial power there. Called “Honmanchi” in Japanese, on the other hand, Myeong-dong was transformed into the most bustling commercial district in Seoul and displayed colonial modernity. The modern urban space hosted Western-style buildings, public institutions, banks, and cafés, forming new urban visual spectacles. Four department stores (Mitsukoshi, Jojia, Minkai, and Hirata) opened there, launching the area’s identity as a place of consumption and a mecca of fashion. Myeong-dong became a bustling hub of shoppers, strollers, people-watchers, and hustlers. The area was not a heterogeneous space where different kinds of crowds could mingle, however. Rather, Myeong-dong was a site in which the power lines between the colonizer and the colonized were constantly drawn.

After liberation from colonial rule, the Korean War (1950–1953) devastated Myeong-dong; nevertheless, the postwar recovery of the country centered around the area. Throughout the 1950s and 1960s, Myeong-dong established its position as the center of finance, commerce, fashion, and entertainment in South Korea. The DaeHan Stock Exchange Building, located at a connecting point between the Myeong-dong shopping district and the Eulji-ro office district, signified a burgeoning capitalism. On the flip side of material profit was the world of art and culture represented by Myeong-dong Theater and the UNESCO Building. Yet what turned Myeong-dong into a cultural place was its dabang culture. Literally meaning “tea house” but often translated as “coffee shop,” dabang served as social hot spots where struggling musicians, poets, painters, and actors gathered, crafted their art, and dreamed of a better future.³ Revolving around dabang, the postwar revitalization of Myeong-dong created a place of romance, culture, and pleasure. During the 1950s and 1960s, Myeong-dong also witnessed the proliferation of upscale shops, boutiques, and beauty parlors, transforming the area into the capital of fashion, trends, and stylish consumption. By the mid-1970s, the district had reached its position as “the premier shopping destination of Korea with the youthful and fashionable from all over the city visiting it not just to shop, but to see and be seen as fashion trends developed on the streets” (Chun 2012). The youth culture associated with drinking beer and folk guitar performances marked another aspect of the place in the 1970s.
Under the rule of the Yushin Constitution,4 from 1972 through the 1980s, Myeong-dong was home to the heart of the democratic movement of Korea. As the hallowed ground of the prodemocracy movement, Myeong-dong Cathedral served as a shelter and base for protestors calling for democratization. On the other hand, the development of Gangnam fundamentally changed the nature of Myeong-dong since the 1980s. As many cultural facilities, entertainment shops, banks, and companies were relocated to Gangnam, the hegemony of Myeong-dong as the center of consumption was weakened. The most sophisticated consumption is no longer associated with Myeong-dong; it has moved to Gangnam and Myeong-dong has been demoted to an area of mass consumption. Fashion designers’ conversion from tailored to ready-made clothes also contributed to Myeong-dong’s decline. Shops began to carry low- and medium-priced, fast-fashion merchandise. While the land value of Myeong-dong was still the highest in the country, the customers at its shops and businesses were no longer the most fashionable or affluent. Yet Myeong-dong was still one of the most vibrant districts in Seoul, where thousands of brands were sold and innumerable passersby would gather and stroll.

Myeong-dong’s rich history reveals that it has continuously constructed and reconstructed its distinctiveness. Starting from its origins as a foreign enclave through its destruction during the Korean War, to becoming the center of the prodemocracy movement, commerce, and fashion, Myeong-dong, as a place, has constantly reconfigured its meanings and identity. Historical, economic, political, and social conditions have contributed to its identity changes. Despite its identity mutations over time, what Myeong-dong has steadily held is its symbolic status in Korea, enabling the place go through the foremost transformation when there are any changes in the internal and external dynamics.

Myeong-dong is currently reshaping its identity, once again influenced by globalization. On a Saturday afternoon in 2014, when I was hanging around Myeong-dong, I accidentally overheard two young Korean women talking to each other. One of them said: “Are there still any Koreans in Myeong-dong? We might be the only ones.” I soon found out that the remark was not an exaggeration. Myeong-dong is globalizing; foreigners comprise the majority of its shopping population. When I did fieldwork in 2014, Korean was not the most heard language in Myeong-dong. A street preacher was delivering speeches in multiple languages to cater to foreign passersby. It is hard to find
store signboards written in Korean in the area: most are in Chinese, Japanese, and English. Almost all of its businesses—clothing stores, coffee shops, restaurants, and even small snack bars—have sales assistants who can speak more than two languages. All product names, prices, and menus are offered in four different languages: English, Chinese, Japanese, and Korean.

The recent reglobalization of Myeong-dong began with the inflows of Japanese tourists in the early 2000s when the unexpected popularity of Korean television dramas in Japan caused the emergence of drama tourism, typically centered on visiting shooting locations or efforts to meet Korean celebrities (see chapter 2). As Yukie Hirata (2005) explains, Japanese drama tourism is another form of the gendered travel comprising mainly of middle-aged women as cultural agency, distinguished from the previous male-oriented sex tour. Although Myeong-dong was not a popular destination for these drama-themed tours, the area was a significant part of “visiting Korea” for Japanese tourists because of its central location and symbolic position. Myeong-dong’s physical proximity to the historical and cultural sites of Seoul such as Namdaemun, Insa-dong, and Gyeongbok Palace works perfectly to attract Japanese tourists, who want to explore traditional Seoul and enjoy shopping at lower prices simultaneously. The phenomenal strength of the yen (¥) during the period between 2009 and 2012 contributed to even more vibrant transborder tourism. The number of Japanese tourists, which remained steady at around 2.3 to 2.4 million during the five years from 2004 to 2008, suddenly soared to more than 3 million in 2009; it rose to more than 3.2 million in 2010 and 2011, and reached its peak at 3.5 million in 2012 (Korea Tourism Organization 2014). As Myeong-dong became a paradise for Japanese shoppers exploiting the strong yen, almost all businesses in the area, including hotels, duty-free shops, beauty clinics, nail shops, hair salons, and cosmetics stores, thrived. The successful business types also speak to the gendered composition of Japanese tourists—middle-class, middle-aged females who are increasingly empowered as consumers (Kim 2005). When I did my first fieldwork in spring 2011, *Irasshaimasei!* (Japanese, meaning “Welcome to the shop”) was the most frequently heard word in the area; despite my obvious Korean look, I was always welcomed by the Japanese greeting at that time. The presentation of promotional products exclusively in Japanese signified both the predominance of Japanese customers and Japanese-targeted commercial operation in the area at that time.
Japan–Korea tourism, however, is strongly affected by the exchange rate, diplomatic relations between the two countries, and security issues in the Korean peninsula. When the ROKS Cheonan sinking occurred in 2010, for example, the number of inbound Japanese tourists significantly dropped for a while. When the value of the Japanese currency started to weaken in 2013, the number of Japanese tourists suddenly dropped to 2.7 million in 2013 (Korea Tourism Organization 2014). Yet that did not signify a downturn in foreign visitors to Myeong-dong. Rather, the number of international tourists has further escalated since 2012 thanks to Chinese tourists, commonly called youkers (a Chinese word meaning “tourists”), who now outnumber other nationalities and are rapidly increasing. According to the Korea Tourism Organization, around 2 million youkers visited Korea in 2011; the number surged to more than 4 million in 2013 and more than 6 million in 2014 (ibid.). Albeit overshadowed in numbers by Japanese and Chinese, there are significant numbers of Southeast Asian tourists as well. The numbers from North America and Europe have also grown recently. Consisting of the mostly foreign tourists, over 1.5 million shoppers pass through the area each and every day, and the density of the shopping population in Myeong-dong is the world’s highest.

In what sort of activities do these inflowing foreign tourists participate in Myeong-dong? Beside its traditional position as the center of commerce, exactly what recent aspect of Myeong-dong attracts these visitors? More than 80 percent of Chinese tourists picked shopping as a major activity during their visit to Korea; in 2013, the biggest shopping item in Korea was cosmetics for both Chinese (73.1 percent) and Japanese (43 percent) tourists (Korea Tourism Organization 2014). In a nutshell, the travelers from overseas visit Myeong-dong to engage in cosmetics shopping.

Myeong-dong boasts the country’s highest land values and retail rents. Indeed, the top five most expensive lots in South Korea are located in Myeong-dong, and the area recorded the world’s eighth-highest commercial rent in 2014, one rank up from ninth-highest in the previous year. The economy of urban rent is driving retail transformation and reveals what is the “hottest” business at any particular time. While keeping its traditional reputation as a mecca of fashion, Myeong-dong has witnessed continuous changes in its predominant retail composition from designer brands, imported clothes, and flagship stores of domestic brands to global SPA (specialty store retailer of
private label apparel) brands. These days, low-end or budget cosmetics (called *jeoga hwajangpum*) are among the few retail types that can afford the sky-high rents. Retail transformation is not simply a matter of new signboards on stores; it indicates a shift in the dynamics of the urban economy, the lived experiences of people, and their sense of place. Along with the retail transformation, Myeong-dong’s primary identity is changing from “No. 1 Shopping District” to a beauty shopping, and more specifically, a cosmetics shopping area. Why and how have affordable cosmetics stores, selling items whose unit price ranges from only three to fifteen dollars, conquered the most expensive district in South Korea, while other types of businesses, including those selling luxury brand clothing and accessories, have ebbed away from the area? Understanding the mechanism underlying the emergence of the budget cosmetics industry and its growth helps us to grasp this process.

The Growth of Budget Cosmetics

A truism in the cosmetics marketplace is that more expensive products sell better. By making their products appear to be exclusive via higher prices, luxury brands have carved out a class segment (Peiss 1990). Marketers’ primary strategy for premium luxury brands lies in creating an aspirational product by appealing to social status rather than highlighting product quality. The atmosphere of luxury stores, where refined and disciplined shopping behaviors are implicitly requested, fortifies the exclusivity of price. Breaking with this received wisdom in the cosmetic industry, a Korean brand called Missha, launched by Able C&C in 2000, invented the concept of budget cosmetics by offering all their skin-care products, including toners, lotions, creams, and essences, at the unprecedentedly low price of 3,300 won (equivalent to around $3). Highlighting the fact that the actual production cost of cosmetics is small, Missha burst the price bubble by simplifying the previously complicated distribution process and stripping off the packing cost through the commercialization of cheap but well-designed plastic containers. The Missha revolution came from resistance to the market convention that stressed the lack of intrinsic product quality in cosmetics, thus emphasizing the importance of marketing and advertising. Missha has turned cosmetics into needed, everyday products and established its competitiveness through affordable prices, targeting volume sales at a low unit margin of profit.
Missha emerged from an online shopping mall, BeautyNet (www.beautynet.co.kr), that not only sells cosmetics products but serves as a community in which members exchange information about beauty items and skin care. BeautyNet has put great emphasis on two-way communication with customers and has actively reflected their opinions in production. Thanks to its consistent interactions with customers, Missha went viral among young women and garnered their loyalty. Backed by its online popularity, in 2002 Missha opened the first “brand store” or “road shop,” a tailored retail store that sells only its own brand products. Countering the previous “multibrand shops” that deal in cosmetics from a variety of brands, the road shops function as a unique distribution channel (except for online sales). By eliminating several intermediaries, the road shops also contribute to lower pricing. Moreover, with its unique brand interior, the physical appearance of a road shop in itself represents the Missha brand, marking the strong identification of the retail stores with the brand name among customers. The proliferation of the road shops has further contributed to the consolidation of brand recognition. In just two years, the number of Missha brand shops passed 200, and as of 2013, Missha had 640 retail stores across the country. In carving out this distinctive market niche, Missha grew extraordinarily, recording $110 million in sales revenue in 2004 and $241 million in 2010.

Missha’s astonishing success led to the popularization of the budget cosmetics market. One of Korea’s major companies, LG Household & Healthcare, followed the move to take over a growing low-end brand, THE FACE SHOP. As of 2015, THE FACE SHOP was operating 1,190 road shops across the country and recorded $610 million in sales revenue in 2014. Another cosmetics major, Amore Pacific, also established an affordable brand, innisfree, which achieved $457 million in sales revenue in 2014. As of January 2015, the total number of low-end cosmetics brands has increased to more than fifteen, including Nature Republic, SKIN FOOD, Aritaum, It’s Skin, Banila Co, holika holika, Todacosa, Tony Moly, and Etude House. Rarely affected by fluctuations in the economy, even showing stronger performance during recessions, the budget cosmetics industry has continually run a growth trend, with more than 15 percent year over year in 2013, and 10 percent in 2014 (KDB Daewoo Securities 2014). Having dominated the cosmetics market in South Korea, the low-end segment is now actively carrying out overseas expansion.

The driving force behind budget cosmetics’ growth is their reputation for great quality for the price. While insisting on low prices, the budget cosmetics
companies have tried to establish a fine-quality image by promoting the “naturalism” of their products. THE FACE SHOP has highlighted the “pure vegetarian elements” in its products; under the slogan “Feed Your Skin,” SKIN FOOD markets products made of fruit and vegetables; promising eco-friendliness, inisfree has launched several product lines made from natural ingredients such as “olive line products” and “green tea seed line products.” Not a few of my interviewees verified the quality of the affordable brands: “At first, I was scared to use the ‘cheap’ products, fearing I would have skin problems. After trying them for several months, as strongly suggested by my friends, I realized that there’s no quality difference between them and imported high-end cosmetics”; “My friends and I prefer imported luxury brands for perfume and makeup products, but absolutely domestic low-end ones for basic skin care because they are better.”10

Some flagship products have propelled the popularity of affordable cosmetics. BB (blemish balm) cream, which provides everything from a lightweight, medium-coverage alternative to foundation to sun protection factor (SPF) properties, brought Korean low-end cosmetics into the spotlight. BB cream originated in Germany as an all-in-one product for patients to use postsurgery or after facial peels. The Korean budget cosmetics industry has made it the go-to face product, satisfying schoolgirls’ eagerness to use cosmetics without flouting no makeup rules. Facial mask sheets, which are soaked with active ingredients such as fruit, grains, collagen, and green tea extracts, are also a megahit. Individual sheets are sold separately but neatly packed, costing around three dollars. Snail cream (made of snail secretion filtrate), aloe soothing gel, 3D mascara, and CC (color control) cream have also contributed to the creativity and buzz of the low-end brands. Recently, mainly stemming from industry efforts to target Chinese customers, more products are made of “indigenous” ingredients, including snail, horse oil, snake, bee venom, and donkey milk.

The majority of customers for low-priced cosmetics have turned out to be teenagers and women in their early twenties. Even with the advent of budget cosmetics, the industry had not realized the vast potential of the teenage market. The pocketbook friendly price, however, has turned young females into powerful purchasers, both sparking and fulfilling teenagers’ desires to use cosmetics to improve their appearance. Moreover, the road shops have become places of entertainment and leisure where young customers can test various products at their ease. It is a form of play and leisure for young
girls who come in twos and threes to test and talk about skin-care products with friends or experiment with combinations of various colors to create new looks. Eye-catching and whimsical product designs also captivate girls' minds. Even after customers have tested dozens of products, purchase is never coerced; rather, store assistants serve prospective customers by offering free samples, tailored advice, and a makeup service. Price affordability and friendly service have bridged the gap between customers and the low-priced brands.

The growth of affordable cosmetics has brought significant changes not only in the market share of the cosmetics industry but also in the urban landscape. The budget cosmetics boom caused mushrooming of the road shops across the country. Low-end cosmetics retail stores have crowded in major shopping districts, on neighborhood streets, and even inside grocery stores. As the competitiveness of brand shops still functions in their affordability, each store tries to carve out its own profitable boundary. The cosmetics retail stores, therefore, exist mainly in scattered forms, defending their own market area. The road shops in Myeong-dong these days, however, break the notion of the distribution of service. Multiple budget cosmetics stores suddenly appeared together and formed a cluster. Why have the low-end cosmetics retail shops aggregated and has the degree of concentration intensified over time in Myeong-dong?

The Formation of Cosme Road

In Myeong-dong in the late 2000s, there was an intriguing interplay between the soaring numbers of tourists from overseas and the growth of the low-end cosmetics industry. Amid the steady economic recession since the 1990s, the affordability and perceived high quality of Korean budget cosmetics went viral among Japanese customers around the mid-2000s, causing those who visited Korea to consider them to be the best gift for friends and relatives. On the other hand, Myeong-dong already had the reputation of being the biggest shopping district in South Korea, which enabled the initial emergence of some flagship stores for budget cosmetics. Those two separate phenomena coincided in Myeong-dong: Japanese tourists discovered road shops in the area where they could purchase the low-priced cosmetics, and the budget cosmetics industry discovered the overseas customers who boosted sales.
Actually, those Japanese tourist-shoppers coined the term “Cosme Road” to refer to Myeong-dong’s central street where the road shops are concentrated.

The strongest appeal of budget cosmetics results from consumers’ perceptions of their high quality for the price. A store assistant said: “Affordability by itself does not lead to strong sales. They (foreign customers) actually love the quality.” A Japanese woman in her thirties stated: “Korean essence products can be bought at less than half the price of Japanese ones, yet there isn’t a big difference in quality.” A female Chinese tourist in her twenties commented: “Korea has four distinct seasons for which Korean cosmetics firms have developed ‘functional’ products such as moisturizer and sunscreens. Korean cosmetics are better suited to Asian skin than Western imports.”

Thus, many foreign customers that I observed in stores had specific and in-depth knowledge of Korean budget cosmetic brands and clear purchasing targets. In addition, the availability of variety products attracts overseas shopping tourists. The budget cosmetics brands have attempted to penetrate overseas markets. Currently, for example, THE FACE SHOP runs around 1,400 stores in 28 countries and innisfree operates 122 shops in foreign countries. However, tourists verified that the overseas stores, mainly operated by local intermediaries, do not offer the same products as those in Korea and there are price differences for the products that are available. One Chinese customer suggested: “It is hard to find the same products in China. Although Beijing and Shanghai have some brand shops, they haven’t permeated the more remote corners of China. Products introduced in fashion magazines, therefore, are actually not available in China.” A store manager, who is ethnic Chinese, added: “China imposes heavy taxes on foreign businesses operating in China. That is why there are huge price differences between China and Korea.” Due to its clustering of cosmetics stores, Myeong-dong therefore became a primary destination for those shopping tourists.

The increasing tendency of budget cosmetics stores to settle in Myeong-dong has been obvious. There were around 21 cosmetics road shops in the area in 2008, but the number had increased to 35 in 2010 and almost quadrupled to 81 in 2012. As of May 2014, around 100 brand cosmetic shops were doing business in central Myeong-dong, which stretches for only about 1,100 meters in total. The same brands have multiple shops in the area: Nature Republic operates 6 road shops in Myeong-dong alone; THE FACE SHOP, Etude House, innisfree, and Tony Moly each have 5 brand stores; Aritaum, Missha, and HolikaHolika run 4 shops; and another 7 brands have
operated more than 2 stores. These brand cosmetic shops are not simply concentrated in the same area but are also literally positioned next door to one another. In a mere 30-meter section of Cosme Road, 10 cosmetic shops are lined up together, with 6 shops on one side and 4 more on the other (see figure 5.1). The extreme degree of physical proximity of cosmetics shops offering similar products at almost the same quality and price forms an agglomeration.

The clustering of similar cosmetic stores attracts more customers, because it generates positive externalities such as customer interchange, overflow, and reciprocity that benefit retailers (Brown 1987). Consumers can also enjoy increased choice, greater ease in comparison shopping, and other conveniences that minimize the spatial and temporal cost of shopping. The economic logic of retail congregation is supported by my interviewees’ descriptions. I asked storeowners (or managers) whether the extraordinary concentration of the same kinds of businesses in a small area would have a negative impact on each store. The answers were no: “To be honest, I do not care about other stores, because my store is doing really well”; “The opening of one more cosmetic store here does not hamper my profits at all. Rather, the formation of an identity as ‘Cosmetic Road’ has a strong advertisement effect”; “Even though Myeong-dong is one shopping district, due to the enormous size of its shopping population, each street in the area could be perceived as a separate commercial zone. An enormous crowd guarantees sufficient profits for all of them.”

To synthesize the interview data, the agglomeration of budget cosmetics stores has the effect of bringing more customers to Myeong-dong; thus, many retailers dealing with similar products within a small area symbiotically coexist despite any internal competition. The data also reveal that sufficient consumer demand exists in the area to sustain the steady growth of the budget cosmetics stores despite the area’s high rent.

The impacts of agglomeration are not confined to the economic realm. Allen Scott (2005) developed a theoretical framework regarding the relationship between agglomeration and place. Conceiving place as “not simply a passive receptacle of economic and cultural activity, but a critical source of successful system performance” (1), Scott suggests that the agglomeration of Hollywood producers and studios intensifies their place-specific competitiveness. If individual firms are densely gathered in one place, according to Scott, there are strong functional interdependencies and spillover effects allowing firms to tap into spatially concentrated labor markets and abundant
Figure 5.1. Scenes of Cosme Road. Photo by author. Reprinted by permission from Oh 2017.
information flows.\textsuperscript{17} Therefore, once an agglomeration is set up, it tends to generate benefit streams that reinforce each individual firm’s competitive advantage. Agglomeration of firms also confers a strong sense of identity on a place, which attracts more firms, thus intensifying place-specific competitiveness. In this way, a virtuous cycle is formed that enhances competitive advantage for both industry and place.

Myeong-dong embodies the same synergetic transactions between the agglomeration of the same retail stores and the consolidation of place identity. As the No. 1 Shopping District, Myeong-dong originally had some flagship stores for budget cosmetics. Recently, the rapid rise in the number of foreign tourists has pushed the increase in the number of road shops selling affordable cosmetics. The sudden growth and clustering of the road shops have changed the area’s identity, transforming it into a cosmetics shopping district. The newly formed place identity attracts more customers, who bring further fortunes to the clustered retailers. Thus, there has been mutual reinforcement of the concentration of cosmetics stores and the deepening of the area’s place identity as Cosme Road. While the area’s traditional function as a shopping hub was buttressed by the combination of overarching cutting-edge commercial ventures (e.g., fashion retail shops, beauty shops, coffee shops, and restaurants), present-day Myeong-dong reflects a significant departure toward an extremely narrowed retail use of low-end cosmetics. The monotonous retail landscape, however, does not indicate the entire disappearance of other commercial uses: they are now phased away to alleys where rent is more affordable, while the central street is predominantly conquered by cosmetics shops.

Myeong-dong’s case about retail, however, critically differs from Scott’s Hollywood case concerning production. In the production arena, the agglomeration of firms itself generates enough positive externalities that benefit individual companies, as Scott explains. In the consumption arena, however, sustaining the retail clustering requires steady flows of consumers. In present-day Myeong-dong, foreign tourists visiting in great numbers with continuous circulation sustain sales. The mobility of tourist-shoppers matters: they should not settle in the area but be constantly moving. Thus, different groups of tourists could continually frequent the area. In this way, tourists with extreme mobility, conventionally considered to be “out of place,” become critical in constructing Myeong-dong’s new identity and profitability. The
cosmetics road shops have adopted various practices to quickly circulate the foreign customers. All the brand stores are located on the ground level, stretching the retail space into the streets. The extended retail spaces are filled with various types of promotional panels, brand model cutouts, and additional sales vendors (see figure 5.2). In each shop, at least one staff member stays in the street space in front of the store, trying to lure passersby inside. Handing out free samples (disposable facial mask, or boxes of cotton cosmetic pads), the sales assistants engage in proactive marketing through street solicitation. Once potential customers are persuaded to come inside the store, another sales assistant approaches them to offer product information and testers. After deciding on purchases, foreign customers face an electronic quotation board that displays the day’s exchange rate. When customers offer Chinese or Japanese credit cards, clerks automatically calculate and display the product price in Chinese yuan or Japanese yen based on the day’s exchange rate. For Chinese customers’ convenience, most brands accept China UnionPay (an association representing China’s bank card industry). After payment, store staff offer a map showing a center where foreign customers who have purchased goods worth more than thirty dollars can get a cash tax refund. All the practices are designed to facilitate shopping and payment, thus hastening customer circulation. The number of tourists and the pace of their mobility is crucial in the area’s turnover rate.

Present-day Myeong-dong is distinct from the past “No. 1 Shopping District” to which customers flocked, not only to shop but to engage in leisure activities such as window shopping, wandering around, chatting, and relaxing on the bustling streets. The history of Myeong-dong suggests that it was a place to be seen, to stroll, and to socialize, with vitalizing mutual gazes among the anonymous public. Now, the dominant and privileged foreign shoppers move along in fast-shopping and fast-exit streams. Lots of carry-on baggage dotting the street exemplifies this quick movement. Although the numerical indicators—the number of customers, the size of sales revenues, and the level of retail rent—speak to the even more powerful status of the area, now the visitors have no time to engage with the “placeness” of Myeong-dong, let alone with its layers of rich history. Although the destination of transnational tourists is place-based, reconfiguring the economic and cultural dynamics of Myeong-dong, the tourists are neither attracted by nor engaged with Myeong-dong’s historical geography as a foreign enclave, a hub of fashion and commerce, or a symbolic center for the prodemocracy move-
ment. Whereas the sizable numbers of foreign tourists and their quick mobility accelerates capital accumulation in the area, their circulation has reduced the social and cultural meanings of the place and has led to extreme commercialization. What, then, is the meaning of Myeong-dong to foreign tourists? How do we explain the transnational consumption of the urban place that is Myeong-dong?

**Hallyu, Myeong-dong, and Place**

A deeper understanding of foreign tourists’ congregation in Myeong-dong calls for a triangular connection among Korean popular culture, the construction of Korean beauty, and Korean budget cosmetics. As Korean popular culture has become the “face” of South Korea, Hallyu constructs a fantasy space for its audience that erects aspirational dreams about Korean beauty. Television dramas not only convey stories, but more important, represent and lead trends in fashion and lifestyle. Since K-pop is recognized more for its visual appeal than musical offerings, the images of K-pop idols also contribute to notions of “Korean beauty ideals.” The idealized Korean look includes “big, sparkly eyes, button nose, delicate, pointed chins, light skin, a V-line facial shape, and S-line body.” It is noteworthy that it is an international rather
than domestic audience that has identified such distinctive physical characteristics in Korean celebrities, strengthening the notion of Korean beauty. Although these idealized looks bring to mind Caucasian-looking characters, the actual functioning of the beauty ideals is based on the notion of “racial proximity” (Erni and Chua 2005). Given the predominant presence of East and Southeast Asian audience members/tourists, a sense of Asianness makes them feel closer and related to the K-stars’ physical characteristics (Kim 2007). In contrast to decidedly Western looks, the physical qualities of K-pop idols appear to be something achievable, prompting audience members to take action to reach goals that seem attainable. The prevalence of images of K-stars, who widely appear on television and in commercials, magazines, and music videos, further disseminates beauty standards and facilitates the consumption of notions about Korean beauty. It is now well known that international fans who are eager to emulate Korean celebrities travel to Korea to get plastic surgery. With cosmetics use, perceived as an almost indispensable daily necessity among these consumers, using Korean cosmetics has become a way for foreign audience members to easily practice such Hallyu-oriented beauty ideals. In a personal interview in June 2014, a Chinese teenager remarked: “Watching Korean TV dramas, I’ve always thought Korean female actresses have very white and well cared-for skin. Many of my friends and I think it’s because of the quality of Korean cosmetics.”

The budget cosmetics industry has actively utilized the Korean Wave for its market expansion by hiring Hallyu stars, celebrities who are popular in East and Southeast Asia, in building their brand recognition. Actually, THE FACE SHOP, a relative latecomer in the low-end segment, has enjoyed extensive growth in sales by employing Hallyu stars such as Kwon Sang-woo, Bae Yong-jun, Won Bin, and Kim Hyun-jung. When Bae Yong-jun was a model for THE FACE SHOP in 2009, word among both industry marketers and Korean consumers was that Japanese tourists formed a long line simply to enter a store in Myeong-dong. Once when innisfree presented a life-size wax figure of Lee Min-ho, then the brand’s model, it attracted numerous foreign customers who enjoyed taking pictures with it, turning the Myeong-dong retail store into a favored tourist destination. Nature Republic has also engaged Hallyu stars, including Jang Keun-suk and EXO, occasionally holding fan meetings at a road shop in the area. The power of star marketing is proved by the industry’s extraordinary growth. One of my Japanese inter-
viewees confirmed the ramification: “At first, I bought this brand only because my favorite star endorses it. Later, I came to like the quality of the products.”

Since 2011, when the globalization of K-pop was in full swing, the employment of idol groups and singers has become prominent in marketing affordable cosmetics. What is notable is the rise of male idol stars as endorsers of budget cosmetics: Nickun for It’s Skin, G-Dragon for The SAEM, SHINee for Etude House, Superjunior for Tony Moly, and EXO for Nature Republic. Those male idols are particularly welcomed due to the sheer size of their (international) fandom. The recent rise of Korean “girl groups” has also shaped the advertising schemes of low-end cosmetics marketers. Dismantling the previous market orientation that valued top actresses’ idealized beauty for cosmetics advertisements, the recent budget cosmetics lines emphasize the freshness, youthful energy, and trendy styles of young girls. Because idol group members are so admired by teenagers, hiring them as brand models sells well, especially considering the age segment of the major consumer groups for low-priced lines. Suzy (from Miss A) represents THE FACE SHOP; Krystal from f(x), Etude House; Yoona from Girls’ Generation, innisfree; and Sandara Park from 2NE1, Club Clio. Because the critical currency of K-pop idols is their appearance-oriented images, a straightforward connection between the idol’s style and cosmetics as one of the critical elements of beauty has been formed. Lots of international fans have set up blogs and websites to introduce “K-beauty” in association with K-pop idols, posting articles such as “How to Look Like K-Pop Idols,” “Beauty Tips for K-Pop Devotees,” and “K-Pop Star Shares Secrets to Korean Dream Skin.” Due to the visually oriented consumption of K-pop idols, when they endorse cosmetics brands, a splendid correlation, beyond mere commercial sponsorship, is forged between idol models and brand products. The Korean cosmetics industry definitely benefits from the style-focused K-pop industry and its global popularity.

The purchase of Korean cosmetics endorsed by celebrities is deemed as the extension of consuming Korean popular culture. The cosmetics products that K-stars model are not distant from idol merchandise (see chapter 3). While gihoeksa sells idol-related products to fans, the cosmetics companies employ idols to advertise their products to consumers. In both, the image and aura of idols are capitalized on in marketing and the fan-consumers’ desires are exploited in consumption. While gihoeksa pays little or no commission to idols, the cosmetics companies pay higher endorsement fees to idols to use
their images in advertisements. Fans form affective connections between them and the products their favorite idols promote (Russell 1998); the connection blurs reality, leaving fans with the impression that having such products would actually make them feel closer to their idols. More fanatical fans do not care what the product is; as long as their beloved idol endorses the product, they are willing to buy it. Buying the idol-endorsed products, therefore, is an embodiment of affection. While I was in a Nature Republic store, a couple of Japanese girls entered and bought a promotional product packaged with a huge photograph of EXO. The girls explained: “We came to Korea to go to the EXO concert yesterday and we only visited this store to get the photograph (not a cosmetic product).” Around thirty minutes later, Chinese women bought a bulk mask pack, costing around $300, which also came with EXO photos. “They (fans) don’t hesitate to buy ‘special products’ that are bundled with photographs of EXO despite their higher price. And we do know who [among EXO’s then twelve members] are the particularly popular ones and they are strategically promoted.”

Mentioning this, a store manager pointed to a huge photo cutout of one EXO member displayed outside of the store.

Myeong-dong’s landscapes represent the ways popular culture representations intersect with consumer practices. Almost all the road shops display huge screen-size pictures of their brand models, mostly K-pop idols. As seen in figure 5.1, the size of the model photos easily exceeds that of the name boards, as they are a more effective means of appealing to customers. Exhibited right outside each store, the life-size cardboard photos of Hallyu stars are also critical parts of streetscape configurations. Images and representations draw customers, in exactly the same way that the production of idol personas and groups is more about producing desirable bodies, stylish images, and lifestyles than it is about musical content. Myeong-dong’s image-dominated landscape reveals that foreign tourists there carry out the instant consumption of Hallyu imaginaries, are motivated by Hallyu-inspired beauty aspirations, and are drawn to cheap consumer products. To the foreign travelers, Myeong-dong represents a materialized proxy space of the Korean Wave. Their flash consumption of the image-based place reflects again the area’s fast-shopping and fast-exit streams. It discloses the place’s intense mode of commercialization: popular imaginaries prompt beauty aspirations among their audiences and draw them to consume both the cultural im-
ages and beauty products; the massive arrival of the Hallyu-inspired overseas tourists creates the monotonous retail landscapes in which only those retail uses that can generate fast and higher turnover rates survive; the retail environment creates various measures to quickly circulate the customers for more profits; and the image-dominated landscape urges customers to engage in the immediate consumption of both the Hallyu aesthetic and the place.

Myeong-dong’s recent transformation is not the result of government intervention as discussed in the previous chapters; rather, it is shaped by the economic logic of place. Myeong-dong is a subadministrative unit that belongs to Jung-gu. Unlike Gangnam-gu’s proactive place-marketing practices, Jung-gu does not initiate any place projects around Myeong-dong. The district office briefly introduces the area as part of the “Myeong-dong/Namdaemun/Bukchang Special Tourist Zone.”

Jung-gu’s place-promotion policies focus more on the revitalization of the inner city area, introducing “Eulji-ro Urban Industry Special Zone,” where the industrial facilities that modernized Korea are gathered: lighting, tools, sewing, tiles, pottery, shoes, sculptures, furniture, and more. Amid the inner alleys of Eulji-ro, which have experienced both decline and gentrification, the district’s policies are directed toward supporting a few remaining old-fashioned shops. The place selling of Myeong-dong, by contrast, is layered on the place’s preexisting symbolic power and the ongoing economic logic that eliminates unprofitable uses.

The Politics of Difference

With the growth of foreign tourists since 2008, Myeong-dong has become a site in which the supply and demand of budget cosmetics is unexpectedly but perfectly matched. The increasing presence of Japanese and Chinese shoppers who are passionate about Korean cosmetics has sparked the proliferation of cosmetics retail shops in Myeong-dong. The burgeoning of the cosmetics road shops has transformed the area’s identity into a beauty shopping district, or “Cosme Road,” and the newly shaped place identity is further attracting more foreign customers, accelerating the globalization of Myeong-dong. The steady inflows of sizable volumes of foreign tourists have become imperative in sustaining the retail economies in Myeong-dong. The budget
cosmetics stores in the area are therefore carrying out diverse practices to cater to the prized foreign customers.

The simultaneous presence of multiple languages is apparent in the affordable cosmetics stores. Indeed, all cosmetics road shops employ staff members who are fluent in Chinese, Japanese, or English. Ethnic Chinese (Korean minorities in China) make up the majority of store staff, and mostly serve Chinese tourists and Korean customers. Salespeople at Nature Republic stores wear a name badge displaying the national flags of the countries whose languages they speak. For example, an ethnic Chinese person who is fluent in both Korean and Chinese has a badge with Korean and Chinese flags on it. Special delivery services are also offered to foreign customers: stores deliver purchased products to nearby hotels for consumers who spend more than $200; for customers who buy more than $500 worth of goods, products are mailed to their home countries via international Express Mail Service free of charge.

Spatial practices that distinguish foreign customers also exist. The biggest Nature Republic store, located on the most expensive lot in South Korea near a primary entrance to Myeong-dong, uses its first floor as a general shopping space but reserves the second floor as a space for foreign customers only. The foreigner-only space enables international customers to enjoy more relaxed and comfortable shopping free from the density, noise, and congestion elsewhere. It also offers comfortable seating, free drinks, and a free gift-wrapping service. One Etude House store in Myeong-dong runs a (foreign) customer lounge that exhibits photos of the brand’s overseas stores; the store also contains the “Global TOP5 Zone,” in which products popular with foreign customers are collected, so that they can easily find their favorites.

The creation of difference based on race and ethnicity is also verified by the interview data from salespeople: “It is not an exaggeration to say that Myeong-dong is basically for tourists. Around 80 percent of the customers are Japanese or Chinese tourists, and they contribute most of the sales”; “We definitely prefer foreign customers for two reasons. First, Chinese and Japanese tourists are volume purchasers, showing no reluctance to buy several mask-pack sets, each consisting of 100 individual sheets and priced at 550,000 won (around $550). There’s no comparison between revenues from tourist buyers and those from local customers”; “Korean customers often complain about our lack of fluency in Korean [yet this interviewee definitely spoke
perfect Korean with very little accent]. I feel much more comfortable serving foreign customers.”

The data indicate that because foreign customers account for most of the sales revenue and profits, the preferential treatment that retailers offer to them, including exclusive services and spaces, is required in the accumulation process. As Gangnam particularly welcomes foreign tourists that will engage with the area’s conspicuous consumption and entertainment images, in the consumption arena in Myeong-dong “other Asians” also become highly valued customers to whom retailers devote special attention. Because tourists from overseas have purchasing power and their sheer size and extreme mobility promise more profits, Myeong-dong has become a site in which the distinction between the domestic and the foreign is constantly checked, produced, and reproduced. The hierarchy formed along ethnicity is critically associated with the very material processes of urban economies and place selling.

The previous chapters addressed the limitations of pop culture–associated place marketing based on creating pseudo place images and meanings that are not necessarily related to actual local histories, thus distorting/reducing socioeconomic realities. The production of place images for external consumption tends to exclude local communities and residents, forcing them to deal with inflowing tourists and the discrepancy between fantasy and realities. Myeong-dong’s new regime of capital accumulation based on both the implicit and explicit exclusion of local customers in favor of foreigners embodies similar limitations of pop culture–driven place selling. Preferential treatment of foreign over local customers is associated with the accelerated commercialization of Myeong-dong. I discussed the ways Korean municipalities harness the presence of foreign tourists in second-round place promotion, constructing the narrative that the place is worthy to visit evidenced by the inflows of foreign tourists. In Myeong-dong, the arrival of pioneering overseas shoppers has led to further streams of foreign tourists resulting from consolidation of the place’s identity as a beauty shopping district. Previous chapters also show how drama- and K-pop–associated place marketing requires consumers’ emotional commitment to sustaining the affective power of the advertised place. With Myeong-dong’s recent accumulation regime sustained by the continuous flow of foreign tourists, the selling of Myeong-dong entails the user-exploitative nature.
Global Flows and Place

Myeong-dong’s recent development is marked by a constellation of global forces: the globalization of Korean popular culture, the global flows of tourists, and the global expansion of the beauty industry. Myeong-dong’s reconfiguration caused by global movements provides insights into the discussion of place that is contested in globalization. Place is marginalized in globalization discourses that highlight mobility such as travel, border crossing, diaspora, migration, displacement, and deterritorialization. Similarly, the global flows of people, commodities, media, information, and technology seem to imply the decreasing relevance of place (Appadurai 1996; Escobar 2001). For Manuel Castells (1996), this is the rise of a “space of flows” and the erosion of a “space of place.” Anthropologist Marc Augé (1995) coined the term nonplace to refer to places such as railway and bus stations, motorways, airports, hotel rooms, and supermarkets that facilitate motion and hold less significance as places. Yet place preserves its continuing salience in a mobile world since what is mobile is also material and must emerge in a place to be spread (Cresswell 2004). Anna Tsing (2005) shows that the global spread of science, capital, and political ideologies that seems to flow freely actually engages with the particularities of place, encountering “the friction of place.” Place, therefore, is not elusive in the mobile world. Rather, place becomes critical for flows, that is, for their actual movement toward every corner of the globe.

This chapter can be a good addition to the “place-based” studies of globalization (see, e.g., Dirlik 2001; Kim 2004; Woods 2007) arguing that place does not become less significant in the globalized and mobile world. Rather, globalization is a “source of the reproduction of geographical uneven development, and thus of the uniqueness of place” (Massey 1991, 29). Myeong-dong’s case shows how global flows transform place and reconstruct place identity. In discussing the ways global flows affect place, Massey’s conceptualization of place is critical. In contrast to Augé’s conceptualization of “nonplace,” in which place is formed by boundaries, and through which people develop meanings and attachments, Massey sees the notion of place as authentically rooted in history and having a singular and essential form of identity as problematic (Cresswell 2004). Massey raises questions about delineating place in terms of fixity, stability, and noncontradictory identity. Place is not about boundaries for Massey (1993) because “boundaries make distinction
between ‘them’ and ‘us’ and therefore contribute to a reactionary politics” (in Cresswell 2004, 73). Rather, she explores senses of place as a process marked by outside flows and connections. As the uniqueness of a place is determined by its openness, permeability, and constant interactions, place becomes a site in which multiple identities and histories are constantly (re) formed and challenged.

Despite rich theoretical discussions about the “global sense of place” (Massey 1991), there have been surprisingly few studies to empirically engage with the question of place identity and its changing nature in the global environment. If a place is constituted through its particular linkage to outside flows (Massey 1994), how does the process actually take place? If the specificities of place are constantly reproduced, how does such transformation develop? Myeong-dong’s case can provide the theoretical debates with empirical analysis and enrich the theory by identifying specific spheres and directionality of global flows. First, Myeong-dong’s case shows how its changing place characteristics represent and mediate the multiple directions and realms of global connections. The ever-increasing numbers of inbound foreign tourists have actually been caused by the global popularity of Korean popular culture. The tourists’ obsession with Korean cosmetics is also influenced by Korean beauty ideals represented in K-dramas and embodied in K-pop idols. Thus, Myeong-dong’s recent dynamic entails interactions among the imaginaries of Hallyu, the cosmetics industry employing Hallyu, and Hallyu-driven transnational tourism. The Korean Wave is conventionally understood as the outbound spread of Korean entertainment. Yet the outward circulation of Korean popular culture has spawned inbound global flows by drawing an audience of tourists and shoppers. More important, these multidirectional flows convene at a specific place, Myeong-dong, causing the transformation of its economy, culture, and urban landscape. While Massey’s case demonstrates how global economic restructuring in general affects a local place, this chapter identifies specific spheres and directionalities of global connections, whose interactions reshape place distinctiveness.

Second, Myeong-dong’s case can contribute to Massey’s argument that what constitutes place is the connections with outside flows by focusing more on the mobility of global flows. The volumes of foreign tourists who have specific shopping aspirations have narrowed the retail composition in Myeong-dong to the dominance of low-end cosmetics. When the tourist-shoppers are in constant circulation, the cosmetics retailers do better, leading to a more
intense clustering of cosmetics shops and the deepening of the place’s identity as Cosme Road. Thus, global tourists’ mobility is critical to the area’s turnover rates. The Myeong-dong shops, therefore, have practiced various measures to speed up tourist circulation and implicitly restrict domestic customers, redefining the social and cultural meanings of the place. This chapter demonstrates the ways not only globalization in general but also the very mobility of the global flows themselves reconfigure place identity in association with capital accumulation.

Myeong-dong’s place identity has continuously mutated over time due to political, economic, and social conditions. Myeong-dong’s complex and contested place identity is undergoing a drastic shift once again in the era of globalization. Along with the global popularity of Korean popular culture, Myeong-dong’s recent transformation mediates the global connections in multiple realms: popular culture, beauty, tourism, and the cosmetics industry. The global circulation of pop culture, the global dissemination of beauty ideals, and the global flows of tourists intermingle in Myeong-dong, transforming its material and cultural meanings. The very mobility of tourist flows has substantial power to alter the place’s economy, creating the monotonous retail landscape. As this mobility plays a critical role in the area’s both customer and profit turnover rate, diverse spatial and cultural measures are practiced to expedite customer circulation in the area. During this process, Myeong-dong’s place meanings are changing from activities associated with leisure, sociability, and politics toward an intense mode of capital accumulation. Massey develops the notion of a progressive sense of place by asserting that global connections reconstitute a place through which multiple and contested identities emerge. This chapter adds a more nuanced and critical perspective to her open-ended claims by showing that the global flows associated with image-dominated popular culture, beauty aspirations, and the consumer market leads to the extreme commercialization of a place. This materialism, however, should be differentiated from global capital’s invasion of a local place. Rather, it should be understood that the global streams formulate the complex contours of the place’s identity.